THE ECONOMIC IMPACTS OF SUB-SAHARAN AFRICA URBAN REAL ESTATE POLICIES

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Signature.....

Date.....26-04-06.....

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Glossary

Sub-Saharan Africa (Wikipedia, 2005), is the term used to describe those countries of Africa that are not part of North Africa and lie south of the Sahara Desert. This division of Africa has arisen from the perception of North Africa as predominantly Arab or Berber in ethnicity or culture and the perception of sub-Saharan Africa as predominantly black in ethnicity or culture and from the geographic separation of the two regions by the sparsely populated Sahara Desert. North Africa has long been integrated with the Mediterranean and the Middle East. Sub-Saharan Africa, on the other hand, had sporadic contacts with the rest of the world before the modern era partially due to the effect of endemic diseases like Malaria. While the coasts received visits by traders, much of the interior of the continent remained unknown to the outside world until the colonial era. The exact position of the dividing line between the two regions is not clear. However, according to one classification of the two regions, sub-Saharan Africa includes forty-eight nations. Forty-two of these nations are on the African mainland. In addition, four island nations in the southwest Indian Ocean (Madagascar, The Comoros, Mauritius, and Seychelles) and two island nations in the Atlantic Ocean (Cape Verde and Sao Tome and Principe) are considered part of Africa. According to this classification scheme, the countries of sub-Saharan Africa are:

Republic of Angola (Angola), Republic of Botswana (Botswana), Republic of Burundi (Burundi), Republic of Cape Verde (Cape Verde), Republic of Chad (Chad), Democratic Republic of Congo, Republic of the Congo (Congo), Republic of Djibouti (Djibouti), State of Eritrea (Eritrea), Gabonese Republic (Gabon), Republic of Ghana (Ghana), Republic of Guinea-Bissau (Guinea-Bissau), Kingdom of Lesotho (Lesotho), Republic of Madagascar (Madagascar), Republic of Mali (Mali), Republic of Mauritius (Mauritius), Republic of Namibia (Namibia), Federal Republic of Nigeria (Nigeria), Democratic Republic of Sao Tome and Principe (Sao Tome and Principe), Republic of Sierra Leone (Sierra Leone), Somalia, Kingdom of Swaziland (Swaziland), Republic of Togo (Togo), Republic of Zimbabwe (Zimbabwe), Republic of Benin (Benin), Burkina Faso (Burkina), Republic of Cameroon (Cameroon), Central African Republic, Federal Islamic Republic of the

Comoros (Comoros), Republic of Cote d'Ivoire (Cote d'Ivoire), Republic of Equatorial Guinea (Equatorial Guinea), Ethiopia, Republic of the Gambia (Gambia), Republic of Guinea (Guinea), Republic of Kenya (Kenya), Republic of Liberia (Liberia), Republic of Malawi (Malawi), Islamic Republic of Mauritania (Mauritania), Republic of Mozambique (Mozambique), Republic of Niger (Niger), Republic of Rwanda (Rwanda), Republic of Senegal (Senegal), Republic of Seychelles (Seychelles), Republic of South Africa (South Africa), Republic of Sudan (Sudan), United Republic of Tanzania (Tanzania), Republic of Uganda (Uganda), Republic of Zambia (Zambia).

The Republic of Ghana

The Republic of Ghana is a nation in West Africa. It borders Côte d'Ivoire to the west, Burkina Faso in the north, Togo to the east, with the Gulf of Guinea on its southern coastline. Formerly the Gold Coast, the name Ghana is derived from the Ghana Empire (although its territory never reached present-day Ghana). Ghana was formed from the merger of the British colony of the Gold Coast and the British Togoland trust territory. In 1957 Ghana became one of the first European colonies in black Africa to gain its independence.

Stools

Stools refer to the larger corporate indigenous land owning group or community made up of people of common ancestry and headed by a chief or king in Ghana.

Stool Land

Stool lands refer to lands owned by Stools in Ghana.

Family Land

Family lands are lands owned by extended families made up of members from the same lineage with common ancestry and headed by a family head. Families are typically smaller than Stools though family lands are not necessarily smaller in size than Stool lands.

Real Estate

Real estate in this usage comprises the surface of the earth together with developments permanently affixed to it.

Regulatory Policies

This genus of policies consist of all policies that impose statutory controls on real estate transactions and transactors

Distributive Policies

Comprise policies that have been employed by government to successfully acquire land and private property on payment of full compensation

Redistributive Policies

Comprise policies that have been employed by government to successfully acquire land and private property without the payment of full compensation

Delivery Policies

This comprises the government bureaucracies and departments together with their administrative procedures and processes through which real estate policies are enforced.

Abstract

Justification for policies, whether in the field of real estate or others is conditional on their ability to stimulate markets to contribute positively to economic growth by promoting efficient allocation of the resources they affect. Yet outcomes of policies though crucial are not self-evident and as such require conscious calibrations. While there is a burgeoning concern for more robust evaluation of real estate policy impacts in sub-Saharan Africa, the tools and methodologies for accomplishing this remain less fully developed. There are at the moment few impact evaluation methodologies that are entirely applicable to real estate policies and even fewer that are specifically applicable to sub-Saharan Africa real estate policies. To this end, this thesis presents a portable quantitative framework for evaluating sub-Saharan Africa specific real estate policies. This is accomplished through an extensive review of the focal literature surrounding land policy impacts evaluation in sub-Saharan Africa as well as the conventional economic impacts methodologies. The review provided a broad overview of the ongoing dialogue surrounding real estate policy impacts together with the origins and general taxonomy of extant real estate policies in sub-Saharan Africa.

Adopting a quantitative approach to knowledge claim and research, empirical data on the operational variables identified in the devised measuring framework were obtained and plugged into the framework to estimate the quantitative dimensions of the impacts of sub-Saharan Africa real estate policies using Ghana as a case study site. The empirical results show that the impacts of extant real estate policies in Ghana are not heading in the same direction. They are instead dependant on the regulative, distributive and redistributive qualities of the policies to the extent that regulative policies engender the most negative (deficit) impacts followed somewhat by redistributive policies. On the converse distributive real estate policies tend to produce the most positive quantitative impacts in the study area. The costs of compliance and administration of policies came up as the critical determinant of the overall impacts of the policies. Based on these findings recommendations for improvement in policy practices as well as for further studies are submitted.

Chapter 1

Introduction and Background to the Study

1.1 PROLOGUE

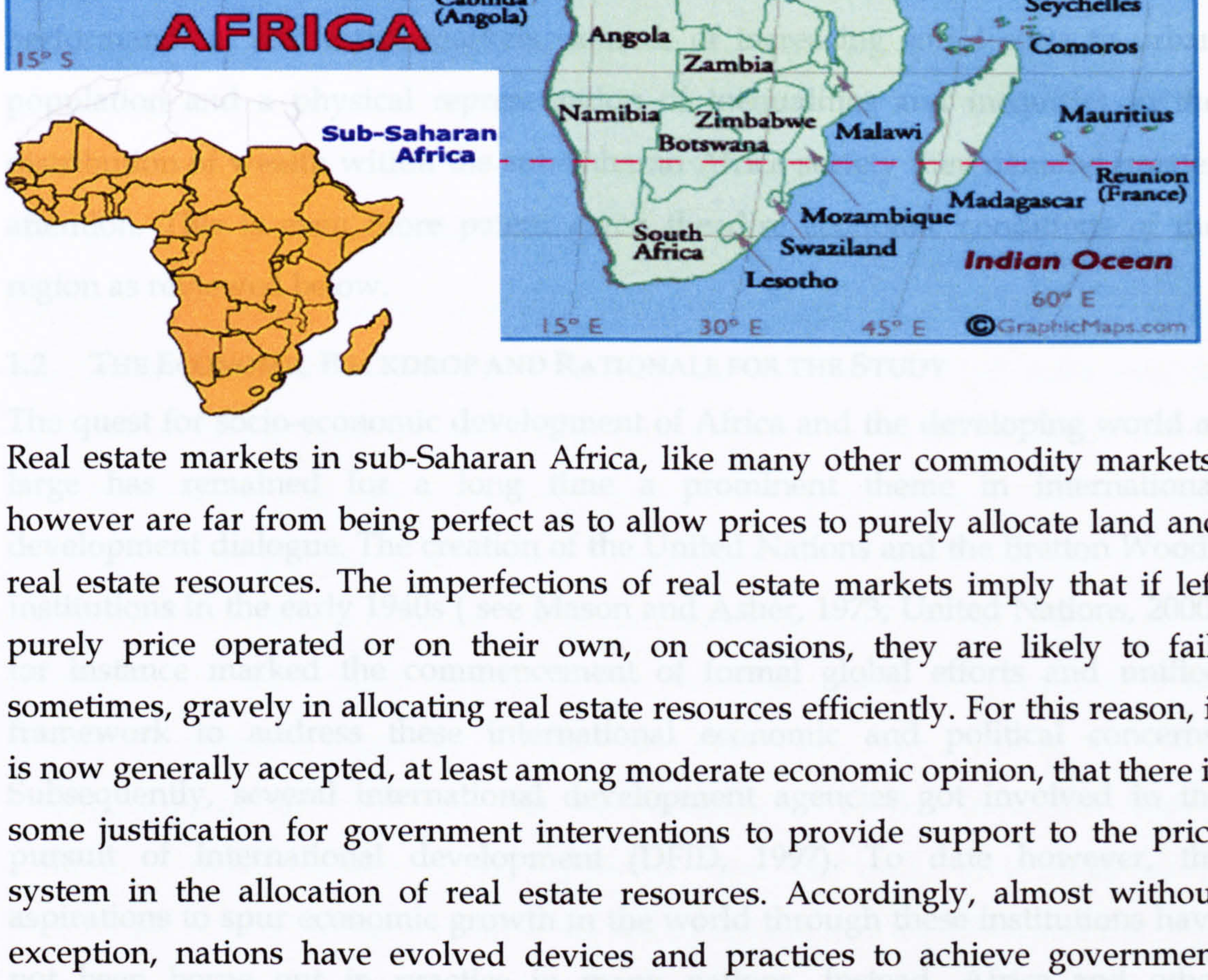
This study aims to, on the basis of theoretical and empirical evidence; provide insights and quantitative indications of the scale of the economic impacts of extant urban real estate policies in sub-Saharan Africa on both market dealers and the broad economy. A map of the geographical context of Africa is provided in Figure 1-1whiles Figure 1-2 provides a map showing the geographical context sub-Saharan Africa. The glossary at page xv also provides a detail definition of the geographical location and composition of sub-Saharan Africa. To place the thesis in the appropriate context, real estate policies are defined at this stage to comprise all governmental laws, regulations, criteria procedures and enforcement mechanisms designed to dictate the way undeveloped and developed urban land rights are supplied, demanded and formalised. Section 4.2 of Chapter 4 (p. 86) derives a more comprehensive technical definition of real estate policies.

Figure 1-1: Geographical context of Africa

To the extent that in every society, land and real estate resources offer the basis for shelter, workplace, amenities, recreation and the social integration that are critical to the sustenance of socio economic life, it is vital that mechanisms are put in place

to ensure their efficient allocation. Advocates of market economies harp on the comparative merits of a purely price operated resource allocation mechanism, the price system, to efficiently allocate all forms of resources of society to their highest and best uses.

Figure 1-2: Geographical Context of sub-Saharan Africa



Real estate markets in sub-Saharan Africa, like many other commodity markets, however are far from being perfect as to allow prices to purely allocate land and real estate resources. The imperfections of real estate markets imply that if left purely price operated or on their own, on occasions, they are likely to fail, sometimes, gravely in allocating real estate resources efficiently. For this reason, it is now generally accepted, at least among moderate economic opinion, that there is some justification for government interventions to provide support to the price system in the allocation of real estate resources. Accordingly, almost without exception, nations have evolved devices and practices to achieve government interventions in the operations of the real estate price system. These devices, which in some countries operate in place of the price system altogether or in conjunction

with it, have been achieved through legislation and edicts. These concessions for government interventions however are subject to the proviso that such government interventions must satisfy some standard economic efficiency and social justice criteria.

In sub-Saharan Africa, there is nothing new about this phenomenon of government interventions particularly in real estate markets. Historically, government interventions in land and real estate markets have been applied for more than a century in much of sub-Saharan Africa since the colonial era. Postcolonial sub-Saharan Africa additionally has gone through about four and a half decades of social, economic and political changes during which real estate policy responses have been enacted. These enactments were aimed to remedy what was perceived at various historical times to be the problems of real estate markets in the respective sub-Saharan African economies. To the extent that these real estate policies are increasingly recognised as growing constraints on the performance of real estate markets, sources of increasing social costs to urban population and a physical representation of inequalities and inequities in the distribution of wealth within the sub-Saharan Africa society they demand greater attention. This is even more patent given the dire economic conditions of the region as reviewed below.

1.2 THE ECONOMIC BACKDROP AND RATIONALE FOR THE STUDY

The quest for socio-economic development of Africa and the developing world at large has remained for a long time a prominent theme in international development dialogue. The creation of the United Nations and the Bretton Woods Institutions in the early 1940s (see Mason and Asher, 1973; United Nations, 2000) for instance marked the commencement of formal global efforts and unified framework to address these international economic and political concerns. Subsequently, several international development agencies got involved in the pursuit of international development (DFID, 1997). To date however, the aspirations to spur economic growth in the world through these institutions have not been borne out in practice in many nations. Instead, Africa and other developing economies for instance remain consistently plagued with major economic setbacks making them all the more impecunious and debt drenched.

These hindrances have been attributed to flawed economic policies, inequities and injustices in the distribution of wealth together with unfair terms of international trade (DFID, 1997).

The 1960s through to the 1980s were remarkable in this regard. Such was the dire conditions of Africa in the 1980s that the then head of the World Bank, McNamara in 1985 affirmed that Africa is confronted with "a crises of unprecedented proportions"(McNamara, 1985). Desperate measures by the World Bank and the International Bank for Reconstruction in the 1980s to salvage the African situation through Stabilisation and Structural Adjustment Programs (SAPs) produced less than satisfactory results (World Bank, 1994). So also did the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 which was unanimously adopted by the General Assembly at its thirteenth special session (resolution S/13-2 of 1 June 1986). The circumstances that led to the adoption of these programs still prevailed (United Nations, 1993). In the end, Africa, the World Bank (1989a) conclude lost the equivalent of three decades of development by the close of the 1980s. Not only were several decades of development lost by Africa, prospects for development also became severely disrupted (, see further Hammond, Antwi et al., 2004).

So bleak and inexplicable were the prospects that even academics became despondent about ever finding a remedy. As Glickman (1988) observed, in reference to Africa "survival rather than progress emerges as the dominant theme in recent collections of essays devoted to analysis and prescription". Even so, these conditions were predicted to worsen increasingly. The United Nations in 1983 frantically predicted for instance "the picture that emerges from the analysis of the perspective of the African region by the year 2008 under the historical trend scenario is almost a nightmare" (United Nations, 1983). The crises of the 1980s compounded in the 1990s and then the Millennium. To this trend, the United Nations (United Nations, 1993) observed "the economic and social crisis confronting Africa throughout the 1980s has continued into the 1990s and has been compounded by emergencies brought about by severe droughts and social turmoil". As predicted, poverty worsened in sub-Saharan Africa more than in any of the developing world between 1990 and 2001.

1.2.1 The Poverty and Growth Pattern in sub-Saharan Africa

The poverty status of sub-Saharan Africa is important to this study due to the symbiotic correlation between poverty levels and the development of property markets. The degree of prosperity of a society strongly influences peoples housing and urban property demands. Given suitable institutional arrangements, this in the end will lead to a well functioning urban property market to ensure efficient allocation of urban land and real estate resources to promote growth and poverty reduction. Low incomes generate low effective demand for real estate, though actual real estate needs could remain high in societies with a growing population such as sub-Saharan Africa. As a result low income people who cannot afford their housing and real estate needs settle for all manner of real estates leading the formation of poor sluggish market development, slum generation; extreme pressures on urban infrastructure and rapid squatter settlements (Pugh, 1997, p.1550). These in turn frustrate prospects for growth and poverty reduction as real estates are not, under such conditions, allocated to their highest and possible best uses thereby setting in motion a cycle of poverty and underdevelopment. This makes the poverty situation in Africa even more concerning.

Though poverty was unevenly distributed across the developing world, it is self-evident from Table 1-1 that sub-Saharan Africa recorded the highest concentration, and increasingly so, of people living on less than US$1 a day - extremely poor (44.6 percent in 1990 and 46.5 percent in 2001).

Table 1-1: People Living on Less Than US$ 1 (£0.50) a Day

Region	Millions		Percentage	
	1990	2001	1990	2001
East Asia and Pacific	472	284	33	16.6
Europe and Central Asia	2	18	0.5	3.7
Latin America and Caribbean	49	50	11.3	9.5
Middle East and North Africa	6	7	1.6	2.4
South Asia	462	428	40.1	31.1
Sub-Saharan Africa	227	314	44.6	46.5
Total	1,218.00	1,101	27.9	21.3

Source: World Bank (2005c)

What is disquieting is that while extreme poverty is relieving to some degree in most parts of the developing world, it appears to be exacerbating in sub-Saharan Africa. On the whole, according to the table the number of people living on less

than US$ 1 a day reduced in the selected regions by an average of 6.6 per cent. In East Asia and Pacific this reduced by as much as 16.4 percent thereby lifting some 188 million people in the region above the poverty line between 1990 and 2001. On the contrary, in the same period some 87 million additional people (i.e. 1.9 per cent of population) fell below the poverty line in sub-Saharan Africa.

The fact is sub-Saharan Africa was not the only region that encountered increases in poverty levels. Yet again, it is the scale of the increase in sub-Saharan Africa that makes it more disquieting. For instance though 16 million more people fell below the poverty line in Europe and Central Asia this figure constituted only 18.4 percent of the number that fell below the poverty line in sub-Saharan Africa. Similarly while one million people more fell below the poverty line in the Middle East and North Africa this figure represented approximately 1.15 percent of the equivalent in sub-Saharan Africa.

On a criterion of US$2 (about £1) a day the poverty situation in sub-Saharan Africa becomes even more patent in comparison to other developing countries. According to Table 1-2, the number of people living on less than US$ 2 a day in the developing world reduced overall by 6.6 percent (that is by some 43 million people) between 1990 and 2001.

Table 1-2: People Living on Less Than US$ 2 (£1) a Day

	Millions		Percentage	
Region	1990	2001	1990	2001
East Asia and Pacific	1,116	868	69.9	47.6
Europe and Central Asia	58	94	12.3	19.7
Latin America and Caribbean	125	128	28.4	24.5
Middle East and North Africa	51	70	21.4	23.2
South Asia	958	1,059	85.5	76.9
Sub-Saharan Africa	382	514	75	76.3
Total	2,690	2,733	27.9	21.3

Source: World Bank (2005c)

Consequently by 2001, 78.7 percent of the total population of the developing world lived above the US$2 mark. Yet, only 23.7 percent of the population of sub-Saharan Africa survived on $2 or more a day in 2001. This is in comparison to 52.4 percent in East Asia & Pacific, 80.3 percent in Europe & Central Asia, 75.5 percent in Latin America & Caribbean, 76.8 percent in the Middle East & North Africa and 23.1 percent in South Asia. Even with South Asia that has about the same percentage as

sub-Saharan Africa the significant difference in the numerical size of people who joined the class of less than US$2 a day between 1990 and 2001 in the two regions shows clearly the speed with which sub-Saharan Africa's poverty conditions are deteriorating. While between 1990 and 2001, 101 million extra people joined those living on less than US$2 a day in South Asia; as much as 132 million (that is 23.5 percent more than that of South Asia) in sub-Saharan Africa joined the group. Thus if income poverty is an effective measure of the scale of economic conditions, and it is, then sub-Saharan Africa is by far the world's foremost development challenge.

The reality is that sub-Saharan Africa is not only poverty stricken, its economies are also not growing. In comparison with other developing countries, the growth of sub-Saharan African economies has been profoundly sluggish as Table 1-3 clearly illustrates. This makes the region the least performing in the world with average Gross Domestic Product (GDP) for the period 1999 to 2003 of US$341 billion dollars. This is small in comparison to US$640 for South Asia, US$1,825 for Latin America and Caribbean and US$1,731 for East Asia and Pacific.

Table 1-3: GDP Current USD (Billions)

Region	1999	2000	2001	2002	2003
East Asia & Pacific	1,488	1,604	1,680	1,833	2,051
Latin America & Caribbean	1,790	1,984	1,919	1,699	1,734
South Asia	581	597	615	649	756
Sub-Saharan Africa	323	326	319	322	417

Source: *World Bank (2005c)*

The major observations are that sub-Saharan Africa's average GDP for the period 1999 to 2003 represents just 53.3 percent of the GDP of South Asia, 18.7 percent of Latin America & Caribbean's and 19.7 percent of East Asia & Pacific. These conditions means that the region's real estate markets are thus poised to suffer severe weaknesses if not appropriately harnessed and this will in turn exacerbate the deepening economic crises of the region.

1.2.2 The Global Concern for Sub-Saharan Africa

The crises of Africa have clearly come to the brink. Disparate international development supports to Africa appear no longer workable and global concerted efforts are apt for experimentation. Through the Millennium Development Goals

(MDG) enunciated by the United Nations in 2000, 189 countries globally have signed up their commitment to eradicate extreme poverty in its many dimensions- income, hunger, disease, ignorance, inequalities, injustices, lack of adequate shelter and exclusions in the developing world by 2015. With barely a decade to go, sub-Saharan Africa remains far from reaching the established milestones required for accomplishing the MDGs. It is indeed paradoxical that sub-Saharan Africa, a region immensely endowed with the ingredients for economic growth and sustained poverty reduction: land, labour and the potential for capital accumulation from the region's land resources (Feder and Noronha, 1987; Feder and Feeney, 1991; Brandao and Feder, 1995; Feder and Nishio, 1999; see further Deininger, 2003) should find itself in such economic squalor. This is even more so, if indeed, as economic theory suggests, land is a prime source of capital accumulation as much in Africa as in the western economies (see De Soto, 2000).

At such sluggish growth rates, Gordon Brown, the British Chancellor, opined that it will take Africa 150 years to accomplish the MDGs set for 2015. This awareness has prompted in particular overwhelming United Kingdom government's support through the African Commission, UK, to help expedite economic recovery in Africa. The African Commission estimates, in its policy document, *Our Common Interest,* launched in March 2005 that an additional US$75 billion annual investment in governance, public investment and social expenditure is required to kick-start the African economy. African governments are to contribute under these proposals over three to five years roughly US$12.5 billion. (Our Common Interest, 2005). Further, the Group of Eight (G8) wealthiest nations on June 11, 2005 agreed to back a deal that calls for an immediate scrapping of 100 percent of the debt (up to US$55 billion) owed by the 18 poorest countries. Most of these nations are in sub-Saharan Africa. There are underway massive campaigns by civil society and charities of the developed world dubbed "make poverty history" to call on rich nations to do more to help African economies. Indeed, never in the history of man has so much global concerted humanitarian efforts been directed towards the eradication of extreme poverty in Africa.

The debt cancellation by the G8 if implemented will mark a major accomplishment considering that at present sub-Saharan Africa, the poorest region in the world

pays US$10 billion in debt servicing annually to the rich countries of the world (Principal Voices, 2005). With such debt cancellation, at least in theory, some extra money will be available to be spent on domestic African development programmes rather than servicing debts owed to rich countries. Additionally, if the campaigns for rich countries to remove market protection and subsidies that have distorted the international economic terrain are heeded to, a levelled economic playing field could be created on which developing nations can perform. To these extents, it is logical to conclude that debt relief; increased aid and equitable international trade are important and inexorable inputs to the development processes of sub-Saharan Africa. But such assertion has to be made with some trepidation. It is important not to oversimplify the sub-Saharan Africa's economic crises by placing too much hope on these international global efforts than they are actually capable of delivering. After all, these external supports offer no more than temporary relief. They have not and cannot provide permanent prosperity for the nations of sub-Saharan Africa. Thus thrusting the whole development processes of Africa on international support will mean deferring the destiny of these economies indefinitely. Even so, it is questionable if these global efforts can really make headway when the internal forces that keep swallowing developmental gains, blocking progress and conditioning the state of sub-Saharan African economies are not restructured.

The truth is, true enduring and sustainable prosperity of Africa can only be achieved by "building an investment climate that facilitates [private sector led] investment and growth and empowering poor people to participate in that growth"(Stern, 2002). According to Stern (2002, pp.12-13) these embody the enactment of sound and sensible macroeconomic and trade policies, the installation of quality infrastructure including power, water, transport and telecommunication, efficient Government institutions and behaviour (including limits on bureaucratic harassment, especially in administering taxes and regulations); the strength of financial institutions; the rule of law, including enforcement; and the control of corruption and crime.

All these conditions are internally generated. This reinforces the point that the development of Africa is above all the responsibility of African governments and

the people of Africa. It is within their grasp to deal with the internal forces that militate against these conditions while the international communities address the external forces. With heightened global commitment to abate the external bottlenecks underway, systematic inquiries into the bottlenecks that have led to the persistence of the African crisis is indispensable. This is an investigation whose time has come. There is no use clamouring for more external development support when the internal forces that are militating against development have not been properly identified and isolated. The question that should guide discussions around the African problem then is; what are these impediments, their nature, sources and panacea? In the 1980s Mabongunje like many other eminent development economists identified governmental systems and interventions as the impediments that created the less dignified and unsatisfactory conditions for a substantial proportion of the third world population (Mabogunje, 1989). More recently, the UN Millennium Project (2005, p.31) in exploring the reasons for the apparent failure of the MDGs establishes similarly:

> Economic development stalls when governments do not uphold the rule of law, pursue sound economic policy, make appropriate public investments, manage a public administration, protect basic human rights and support civil society organisations...

This identifies again government and its governance machinery as the core of the formidable forces that impede the development of sub-Saharan Africa. To make progress thus, there is the need to primarily focus inquiries on eliminating or abating development impediments inbuilt in African governmental systems. This also implies the need to subject the activities of these governments and their governance machineries in the various sectors of respective sub-Saharan African economies to serious systematic and rigorous questioning. It is naïve, anyway, to presume that these inquiries have neither been done before nor remedies attempted. Nonetheless, the persistence of these problems as exemplified above suggests that the solutions proposed so far have failed to persuade African governments to abandon practices and systems that undermine development in

these nations. The impediments still prevail. This is the core of the problem that concerns this study basically from the real estate policy point of view.

Perchance governments of sub-Saharan Africa would be persuaded if they are confronted with a sector by sector scale of the harm these impediments presents in more practical and objective terms. The tradition of pointing out the overall gloomy economic picture rather than sector specific issues may be making the problems look insurmountable to politicians and those in the hem of affairs. They may be thus seeing the African problems as manageable rather than remediable leading them to renege on their efforts at addressing the problems. That said, such sector based inquiries would be more useful if, they are concentrated for now, on the strategic sectors whose malfunctioning are likely to cause comparatively more damage to economic lives. This calls for a means of identifying the strategic sectors of the African economies. Thankfully, the UN-HABITAT(2004, p.11) has done some work in this direction and identifies urban governance as "the single most important factor for the eradication of poverty for prosperous cities". The World Bank (2000a; 2000c) drew similar conclusions.

This reinforces the strategic imperative of urban economies and their governance to the quests for poverty eradication and development in Africa. Urban development and governance objectives according to Ortiz and Bertaud (2001) translates to: creating an efficient spatial urban structure; improving the quality of the environment; increasing housing affordability; decreasing commuting time; avoiding congestion in the city centre; increasing employment opportunities among others. Thus, if sub-Saharan Africa is able to capitalise on the energies and opportunities of the urban environment to achieve these ends significant progress in development could be realised. The accomplishment of these ends it is established require three important inputs; (1) adequate land use and real estate policy, (2) infrastructural investments and (3) fiscal policies (Ortiz and Bertaud, 2001, p.239). That these are not being accomplished in urban sub-Saharan Africa is well illustrated by the relevant statistics.

1.3 URBANISATION AND DEVELOPMENT IN SUB-SAHARAN AFRICA

That cities and towns are at the forefront of the development campaign is an oft-rehearsed thesis in international development discourses of recent times (see for instance World Bank, 2000a). It is now well established that scarcely is development realisable if development efforts are concentrated exclusively on the rural sectors. This is because, increased productivity in rural sectors is sustainable only when the urban centres which function as nodes for the requisite processing industries for agricultural raw materials and markets for food crops from the rural areas are well performing (see further Mabogunje, 1989, p.151).

To this point, a strong correlation between urbanisation and industrialisation (World Bank, 2000b) or at least significant progress towards industrialisation, services and commerce (Davis, 1965) have been identified. Consequently the World Bank (2000a) estimates that "the industrial and commercial activities that are primarily located – and serviced, marketed and financed – in urban areas account for a half to four-fifths of GDP (gross domestic product) in most countries". The World Bank (2000c) estimates further that urban areas in low income countries account for 55 percent of Gross National Product (GNP), 73 percent in middle income countries and 85 percent in high income countries. However, this correlation between urbanisation and economic development does not appear to apply in Africa (Kamete, Tostensen et al., 2001). Given the strategic importance of urban governance to the whole development question, this could explain a significant proportion of the economic problems of the region.

For instance the urban population of Africa and South Asia have been almost identical since 1950 to 2000 (United Nations, 2002). Yet whiles income per capita has increased in South Asia markedly, they have stagnated or even declined in Africa (World Bank, 2000d). Again, the World Bank (2000a) estimates that while by 2025 two-thirds of the poor in Latin America and Europe & Central Asia will be found in the urban areas, almost half of the poor in Africa and Asia will reside in cities or towns. With this comes the many dimensions of urban poverty in Africa - "cumulative deprivation, squalid living conditions; risks to life and health from poor sanitation, air pollution, crime and violence, traffic accidents and natural disasters; and the break down of traditional family and community safety nets...;

exclusion of low income groups from employment opportunities; basic services, political representation, legal and social protections and amenities" (World Bank, 2000a, p.3). The UN-Habitat (2003) estimates that as much as 72 percent of the urban population of sub-Saharan Africa dwell in slum (see also UN-HABITAT, 2004, p.2). In Ghana it is estimated that 800 new land litigations are filed at the high courts every month (Hatch Associates, 2002) most of which emanates from the urban areas. All of these bring into serious questioning the appropriateness of existing real estate policy frames in sub-Saharan Africa.

This means also that a vast majority of the population of sub-Saharan Africa live under conditions that are far from dignifying, secure and harmonious. Fig 1-1 provides a pictographic of selected urban slums of Accra, Ghana.

Fig 1-1: A View of Selected Urban Slums in Accra, Ghana

Source: Field Survey, Nima and Agbogbloshi, urban localities of Accra, Ghana (December, 2004)

The World Bank (2000c) in 1994 estimated that across the developing world including sub-Saharan Africa, 220 million urban dwellers lacked access to clean drinking water; almost twice as many had no access to even the simplest latrines, between a third and two thirds of the solid waste generated went uncollected piling up on streets and in drains contributing to flooding and the spread of disease. According to the John Hopkins University School of Public Health also, over 600 million people in the cities of developing countries cannot meet their basic needs for shelter, water, food, health and education (PIP, On-Line, 2002). As

observed in the course of the field survey for this study, in Accra most urban dwellings in these slums are constructed with the most basic of materials with doubtful durability and structural soundness.

In Agbogbloshie, otherwise called Fadama or "Sodom and Gomorrah", Accra-Ghana, residential buildings are no more than four timber truncheons placed at the four ends of the ground space of about eight feet by six feet and covered by wooden claddings. Such is the typical house for households of between eight and 12. These structures are regularly erected on sensitive and often dangerous land sites such as edges of huge open and heavily silted natural culverts. This makes an increasing number of urban inhabitants vulnerable to natural disasters such as floods and epidemics. Besides, many of these communities lack adequate vehicular access and in the event of fire outbreak, for instance fire tenders have effectively no way of getting into the localities.

What makes the squalor conditions of the slums starker is the presence of a minority (about 28 percent) affluent urban locality usually within the same city and sometimes separated only by motor roads. Fig 1-2 provides a comparable pictographic of typical affluent communities in Accra, Ghana.

Fig 1-2 A View of Selected Affluent Urban Areas of Accra, Ghana

Source: Field Survey, December, 2004- Ajirigano and Airport East Residential Areas, Accra Ghana

These affluent sub conurbations, contrary to what pertained in the slums, are often provided with improved amenities such as piped water, a regular supply of electricity, telephones, good road networks and pedestrian passages. Clearly the state of cities and towns of sub-Saharan Africa is undesirable. They insinuate

flawed urban governance or policies that are disrupting the expected benefits from the urbanisation of sub-Saharan Africa. The World Bank (2000c, p.2) perceives flawed real estate policies as the critical source of such disruption and argues "policies affecting urban land use and housing investment have major ramifications for households, businesses and the nation as the recent crises in East Asia demonstrated". This observation tallies with the recent growing awareness that land tenure and property ownership is "one of the most important keys to reaching the (Millennium Development] goals..." (UN-HABITAT, 2004, p.1). Yet across the developing world it is estimated that 924 million people are presently living without secure tenure in urban areas. This is estimated to increase to 1.5 billion by 2020 and 2 billion in 2030 unless urgent action is taken (UN-HABITAT, 2004, p.1). Thus until this trend is remedied it will be difficult for governments of sub-Saharan Africa to harness the energies and development potentials of urbanisation to achieve economic development and poverty reduction.

The foregoing indicates unequivocal pleas for systematic scrutiny of existing government machineries and interventions in the urban land and real estate sector. Such scrutiny according to Devas (1999, p.6) is often missing in Africa. It is this problem that this study is designed to tackle.

1.4 STATEMENT OF THE CORE RESEARCH PROBLEM

Real estate policies in sub-Saharan Africa are now at the centre of intense national and international debate (Hammond, Antwi et al., 2004). This has resulted in the polarisation of the existing literature on ideological lines between market advocates (Coldham, 1987; Feder & Feeney, 1991; Migot-Adholla, Hazell et al., 1991; Sjaastad and Bromley, 1997; Payne, 1997; Antwi, 2000; Quan, 2000; Kasanga, 2002; Antwi and Adam, 2003) and interventionists (Dornor, 1972; World Bank, 1975; Harrison, 1977; Asiama, 1980; Platteau, 1992). While market advocates blame government interventions for all the problems of the land and real estate sectors in these countries and have thus called for their outright removal, the interventionists view the customary tenure institutions as problematic, and have called for stringent state regulations and dominance over their operations. Most of these studies are largely qualitative and their findings have tended to be laden with

value judgments, ideological orientations and aspirations of particular researchers involved.

These contradictory results in the existing research stemming mainly from the rather doctrinaire stance of researchers appear incessant, sending confusing signals to policy makers and governments in the region. Due to this divergence of opinion on the true economic merits of these policies it has not been easy to point out clearly which policy strands are causing harm and which ones are doing well. This has produced stalemate in policy decisions and progress is being sought through costly experimentations with policy reforms and ideologies (see Chapter 2). This impasse could only be resolved for purposes of proper guidance to policy making when a means is found to make an objective assessment of the true costs, benefits and impacts of current regimes of real estate policies in the region.

The problem is, while many studies have attempted to evaluate the impacts of these policies; the results have seldom been expressed quantitatively (Antwi, 2000; Ortiz and Beraud, 2001, p. 240). Yet as Ortiz and Beraud (2001, p. 24) observes, "... in the absence of quantification of the problem, measurement of effectiveness of any proposed remedy will be difficult". This lack of quantitative measures of the true impacts of these policies is doubtlessly a testament to the misunderstanding or understatement of the real impacts of these policies on economic lives and development prospects of these nations. The insights from these qualitative works notwithstanding, the time has come for these policies to be subjected to objective and quantitative assessments devoid of ideological and value judgments. The purpose of this study is thus to ascertain in quantitative terms the true economic impacts of urban real estate policies in sub-Saharan Africa by comparing their social costs and benefits dimensions.

1.5 JUSTIFICATION FOR THE STUDY

At a time when the full impacts of existing policies are less understood, across sub-Saharan Africa, there are waves of reforms in the legal arrangements that regulate and records ownership of land rights, land uses, land transactions and management. These reforms are taking place in more than 20 of the 48 sub-Saharan African countries (see Alden Wily, 2003). Whether these reforms and their

resultant policy regimes are the most appropriate option remain equally unclear. The problem is, if it tends out that these ongoing policy reforms are inapt as their predecessors have now been found to be after several decades of experimentation, the affected countries in the end stand to lose the already scarce developmental funds and resources invested in promulgating and enforcing the policies. Beyond that, the generally impoverished taxpayers in these poor countries become obligated to repay these wasted and misdirected resources. In the end not only will the impoverished in these countries be cheated out of developmental benefits, they will be left to repay the resultant resources wasted in the process and bear the full brunt of the constraining effects imposed by inapt policies. This will inescapably aggravate poverty and slow down the development of the region immensely.

The extant economic conditions of Africa south of the Sahara are such that further delays in taking decisive actions to put the respective economies on fast track for development could easily lead the region into a situation of economic bankruptcy, international development supports notwithstanding. This means that those at the helm of affairs in these nations would have to be confronted with the explicit repercussions of the policies they are in charge of, objectively ascertained, if timely decisions would have to be made by them. To this end the ongoing debates and discussions among donor and international development agencies, national governments, traditional landowners, real estate developers, academics and investors as well as purchasers and recipients of real estate policies are welcomed and healthy. But this is so only as far as they help evaluate existing policies and practices objectively. It is from this perspective that this study is justified.

1.6 THE RESEARCH QUERIES

The questions that naturally arise from the above discussions for coherent inquiry are:

(1) What are the ranges of real estate policies in sub-Saharan Africa?

(2) Are there relationships between the historical origins of these policies and their economic consequences?

(3) What is the quantitative balance between the costs and benefits of these policies?

(4) What is the magnitude of the impacts of extant sub-Saharan Africa urban real estate policies on the economic welfare of real estate market dealers and the broad economy?

(5) What are the relationships between the real estate policy types and the scale of the economic impacts they reproduce on market dealers and the broad economy?

(6) How do these impacts materialise?

(7) To what extent are the enforcement institutions and processes contributing to the impacts of these policies.

The existing body of research have insufficient responses to these pertinent questions.

1.7 AIM AND OBJECTIVES OF THE STUDY

The research is aimed at deriving quantitative measures, through appropriate modelling techniques, of the economic impact of urban real estate policies in sub-Saharan Africa. Based on the outcome of the inquiry, conclusions will be drawn and recommendations for policy reforms made accordingly. The specific objectives of the study are to:

1. Analyse the main economic considerations that have informed urban real estate policy formulation in sub-Saharan Africa.
2. Estimate systematically and in a methodologically consistent way the magnitude of the net change in the social welfare of market dealers and the broad economy attributable to particular real estate policies.
3. Ascertain the level of accountability and economic efficiency in the use of resources on the part of the public institutions and staff in charge of real estate policy enforcement in the region.
4. Provide explanations as to why policies that are reproducing social welfare losses are still in place.
5. Draw attention to important policy lessons learnt from successes and failures of particular policies to enable the development of appropriate policy.

1.8 METHODOLOGY

Given the research problem and aim of the study, which is to provide quantitative indications of the economic impacts of urban real estate policies in the region, the quantitative research methodology provides the most appropriate paradigm for this thesis. By adopting the quantitative research methodology as the means for generating and analysing the data for this study, the study presumes that the "truth" about the economic impacts of real estate policies in sub-Saharan Africa, is measurable facts that exists in the real world and that their quantitative dimensions can be objectively and independently measured using specific quantitative methods and frameworks (Creswell, 2003b). To this end, this thesis formulates a replicable quantitative model for measuring the economic impacts of urban real estate policies in sub-Saharan Africa (SSA) giving due regard to the region's acute data limitations. Based on the quantitative framework, appropriate theoretical constructs are devised and operationalised for the quantitative measurement.

The empirical data on the operational variables required for the devised framework are collected through field survey and participant observational methods using purposively designed research instruments comprising two questionnaires and a data spreadsheet. Data generated from the field survey is analysed using the framework to derive the quantitative measures of the urban real estate policy impacts. In keeping with the theoretical position of the study (see Chapter 3) the samples for the survey are drawn from the population of real estate (1) Purchasers; (2) Suppliers and (3) Market Intermediaries. The details of the quantitative research methodologies employed including their philosophical underpinning are more fully discussed in Chapter 5.

1.9 DELIMITATION OF THE STUDY

The portability of the framework designed for the measurement of real estate impacts across sub-Saharan Africa (see Chapter 5, on page 123) implies that it can be employed in most sub-Saharan African countries. Ghana has thus been purposively sampled for the empirical survey for a number of reasons. First, Ghana is one of the most urbanising countries in Africa with an average urban population (as a percentage of total population) of 36% compared to the regional

average of 31.12% (World Bank, 2003). The urban challenges are thus more likely to be profound in Ghana than in most sub-Saharan African countries. Secondly, the essential features of the customary land tenure system in Ghana epitomises the general land rights and policy trends in the sub-Saharan Africa region. Whereas in most countries in the region (as Chapter 2) urban land rights have been entirely transformed into Western forms, the urban land market in Ghana embodies a dual character comprising both the Western and customary tenure forms. Thus, Ghana provides a unique environment for a comparative analysis of the government policies that have brought about the Western tenure forms on one hand and the customary tenure forms that would have pertained in the absence of government interventions. This will help establish explicitly the economic influences (costs and benefits) that government policies have brought about and give an idea of what would have occurred had government policies been absent.

Thirdly, though there may be variations in the institutional arrangements and contents of specific policies in different countries, Ghana has probably the most extensive and wide-ranging policy regimes in the region. For instance, the Ghana land policy document (MLF, 1999) lists 166 wide ranging land legislations together with some 18 different institutions regulating land and real estate market activities in Ghana. There is thus the high probability of encountering all the various forms of policies in the respective countries of the region in Ghana even if not in the same form. The country thus provides the potential and opportunity for a more comprehensive testing and evaluation of sub-Saharan Africa urban real estate policies. This choice will thus enable the study to provide a representative picture of the consequences of government policies in the region objectively measured.

Finally, the researcher's eleven years work experience as a land expert successfully established sufficient understanding of the workings of the Ghanaian real estate market and policy environment. This helped save a great deal of time as re-learning of the fundamentals of the Ghanaian system was not required. This experience was also handy during the data collection phase, more particularly in negotiating access to data within the public sector.

1.10 SIGNIFICANCE OF THE STUDY

Presently empirical studies surrounding the sub-Saharan African real estate markets have generally approached the issue from four main perspectives. One group (Bruce, 1986; 1987; Mattingly, 1993; Larbi, 1994; Bruce and Migot-Adholla, 1994; Larbi, 1995; Platteau, 1996; 2000) approached the issue using qualitative research design and methodology and hence were unable to measure, in quantitative terms, the impacts of these policies. Another group (McAuslan, 2000; Antwi, 2000; Quan, 2000) concentrated on the customary land sector without an evaluation of the economic costs and resource wastage associated with the government bureaucratic machinery responsible for policy implementation in these economies. Yet, others (Mattingly, 1993; Brandao and Feder, 1995; de Soto, 2000) have looked at the sector within the broader context of Third World or Developing countries and hence have not provided a focused view of the sub-Saharan Africa real estate market situation. There are also studies that concentrated on the rural land markets per se and have not focused attention on the urban land and real estate market (Platteau, 1992). This study is able to; perhaps for the first time, provide quantitative evidence of the unique economic impacts of the respective strands of real estate policies, an important knowledge for prospective policy decisions and analysis.

The study essentially found the origins of these policies to be political rather than economic and found further that the scale of the impacts of real estate policies in Ghana is not entirely negative as often imagined. Different policies generate different levels of impacts depending on their regulative, distributive or redistributive attributes. Additionally, while the study found significant inbuilt extraneous costs in the modalities for delivery real estate policies in Ghana, it was not possible, given the very nature of these costs and data paucity to compute quantitative indices for these extraneous costs. Nonetheless, the results of the study and the devised quantitative framework by which they have been measured provide an important knowledge base for improvement in practice and further research.

1.11 LIMITATIONS AND ASSUMPTIONS OF THE STUDY

Owing to the focus of the empirical aspect of the study exclusively on Ghana as the only case study site the survey sampling may not be sufficient to support generalisation of the empirical findings beyond the specific case study country, Ghana, from where the samples were drawn. However given the similarities of the kinds of real estate policies established across the region as established in Chapters 2 and 3, it is assumed that the results of the empirical analysis are likely to be similar across the region as well. Besides, as much as possible extraneous variables were controlled to help assure that respondents answered the survey questions with candour for the results to be both valid and reliable. It was however impossible to ascertain whether respondents indeed answered the questions with the required candour. Thus if in reality respondents did not answer the questions with honesty and to the best of their abilities as envisaged then the results of the empirical analysis may not reflect the opinion of all members of the target population. Again, contingent valuation of a typical land parcel size of 0.23 acres was used to deduce the economic benefits of the respective policies. The reliance exclusively on only one plot size made it impossible to ascertain whether variations in plot sizes do also influence the relative benefits from the policies. But this limitation is not considered to be considerable given that majority of land transactions in the study area involves plot sizes of 0.23 acres. Though transactions involving different plot sizes do occur, they are not typical and thus at the margins of the market. This means the results obtained using the 0.23 acre plot size though not reflective of entire range are typical and hence reliable enough for the purpose of the study.

In the contingent valuation, only valuers were interviewed to gain insights on their stakeholders' valuation of the benefits of the policies. The truth is that, represents only one group of the entire range of stakeholders of real estate policies. Ideally, data should have been triangulated by surveying the valuation of the other stakeholders such as landowners and purchasers among others. The weight of evidence suggests that if every stakeholder who is looking at the benefits of policies from different angles values the benefits of the policies then that valuation provides more reliable measure of the true benefits of the policies. Besides

methodological triangulation could have also been used by employing multiple quantitative methods to study the responses from the survey to help reinforce the validity of the study particularly if the conclusions drawn from each method are the same. But these triangulation methods require more resources to gather the data from different stakeholders and more time to analyse the data obtained from these different stakeholders using different methods. Nonetheless, the resources and time limitations of the study did not make it possible for these triangulation approaches to be used in the study. These have however been proposed as an area for further study.

1.12 ORGANIZATION OF THE REMAINDER OF THE STUDY

Chapter 2 contains the review of related literature and research related to the problem being investigated. The theoretical perspective from which this study proceeds is outlined in Chapter 3. The policy processes and political economy out of which the policies have emerged is examined in Chapter 4. The quantitative framework for measuring the impacts of the policies under consideration is presented in chapter 5. The methodology and procedures used to gather data for the study are presented in Chapter 6. The results of analyses and findings from the study are contained in Chapters 7 to 9. Chapter 10 contains a summary of the study and findings, conclusions drawn from the findings, and recommendations for practice as well as for further study.

The hypotheses verified in the study are:

H_1 Regulative real estate policies will have lower compliance costs than distributive and redistributive polices.

H_2 Redistributive real estate policies will have higher compliance costs than distributive policies.

H_3 Regulative real estate policies will have lower social welfare costs than distributive and redistributive real estate policies.

H_4 Distributive real estate policies will have lower social welfare costs than redistributive real estate policies.

H_5 Regulative real estate policies will have higher benefits than distributive and redistributive policies.

H_6 Distributive real estate policies will have higher benefits than redistributive real estate policies.

H_7 Regulative real estate policies will have positive economic impacts, as their associated social welfare costs will fall short of their corresponding social welfare benefits.

H_8 Distributive and redistributive real estate policies will have negative economic impacts, as their associated social welfare costs will exceed their corresponding social welfare benefits.

H_9 Redistributive policies will yield higher economic deficits than distributive policies.

H_{10} The direct costs of enforcing respective categories of real estate policies in Ghana are not significantly different and are also not excessive.

Hypotheses H_1 to H_5 are tested in Chapter 7 whiles hypotheses H_6 to H_9 are tested in Chapter 8. The final hypothesis, H_{10} is verified in Chapter 9.

1.13 SUMMARY

This chapter has laid the foundation for the thesis. It introduced the research problem and research questions. Then the research was justified, the contribution of the study was briefly stated, the methodology employed also briefly described and justified. The report was also outlined and the limitations were given. On this foundation, the thesis proceeds with the detailed discourses of the research.

The economic impacts of real estate policies in this study is defined as the social marginal benefit less the social marginal costs. The social marginal costs of real estate policies is the sum total of the marginal welfare costs produced by the enforcement of the policies together with the administrative expenses incurred in enforcing the policies. The study found among other things that the average costs of real estate policy compliance borne exclusively by complying market dealers is

about 54 times Ghana's average monthly wage. In particular the paper estimates that the marginal social costs of land policies in Ghana range from a minimum of ¢32,600,000 (i.e. US$3,600.00 or £1,900.00) to a maximum of ¢62,433.00 (i.e. US$6,800.00 or £3,600.00) depending on the regulative, distributive or redistributive contents of the policy. The average social costs is about ¢45,347,000.00 (i.e. US$4900.00 or £2,590.00) per typical transaction Extra-legal expenses, such as costs of delays, travel and unofficial payments to staff of the enforcement agencies to expedite action on the compliance processes incurred by complying market dealers contribute between 35% (minimum) to as much as 68% (maximum) of the social costs of the policies, the average being 55%. On the social benefit side the paper found that distributive policies produce a benefit of ¢383,000,000 (£225,290.00 or $188,560), redistributive policies on the other hand produce benefits of ¢85,000,000.00 (£50,000.00 or $26,300.00) whiles regulative policies produced benefit of ¢101,320,000.00 (£59,600.00 or $31,370.0). This shows that the marginal economic impacts of redistributive and distributive policies are ¢50,122,000.00 (£205,954.12 or $108,396.90) and ¢2,256,600.00(£1,330.00 or $700.00) respectively whiles regulative policies produce negative economic impact of ¢39,091,000.00(£23,000.00 or $ 12,000.00). There is however potential for reducing the social costs of these policies as they stand thereby improving their respective economic impacts by installing costs reducing measures of servicing documentation requests in ways that will largely circumvent the extra-legal costs which are contributing the largest share of the social costs. But these would have to be accompanied by stringent performance targets for the agencies and a review of the merits and continuing economic relevance of each of the extant policies.

Chapter 2

Urban Land Tenure Reforms and Development in Africa: A Survey

2.1 INTRODUCTION

Chapter 1 laid out the foundation and basis for this study. The task of this Chapter is to relate the thesis to the larger focal dialogue by employing economic analysis to review the rather growing body of works germane to sub-Saharan Africa urban real estate policies in general. The grand aims of the review include, in particular, the discovery of the ways in which the problems of the region's real estate markets have been formulated, the policy responses installed to remedy these perceived problems, the economic outcomes of these policy reforms, how these outcomes have been measured and the emerging and immediate surrounding economic questions and concerns. Before turning to the real estate issues, the urban context within which these policies function is examined.

2.2 THE URBAN CHALLENGE

The truth is that sub-Saharan African is the fastest urbanising economy of the World today. The United Nations (1991) estimates that the population of sub-Saharan Africa grew from about 225 million in 1960 to 527 million in 1990. This is projected to increase incredibly to 1.4 billion by 2025. This contrasts sharply with those of Latin America projected to increase from 448 million in 1990 to 757 million in 2025 and that of Asia from 3.1 billion to 4.9 billion in the same period. Following this trend, the number of people living in urban areas in sub-Saharan Africa grew rapidly. As shown in Table 2-1, by 1950 Africa was the least urbanised in the world with a total urban population of 32 million (4.3% of world total).

Table 2-1: Selected Comparative Population Size and Growth

	Midyear Urban Population (Millions)				Growth Rate (Percent)		
	1950	1975	2000	2030	50-1975	1975-2000	2000-2030
Africa	32	102	295	787	4.6	4.2	3.3
Latin America & Caribbean	70	198	391	608	4.2	2.7	1.5
Asia	224	592	1,376	2,679	3.5	3.4	2.2
Middle and Low Income Countries	392	981	2,165	4,156	3.7	3.2	2.2
High Income Countries	359	562	697	4,981	0.8	0.9	0.6
Europe	287	455	534	540	1.8	0.6	0.04
World Total	751	1,543	2,862	4,981	2.9	2.4	1.8

Source: World Bank (2002) and United Nations (2002)

This is in comparison to 70 million (9.3% of world total) for Latin America and Caribbean and 224 million (30% of world total) for Asia.

From this meagre size, the urban population of Africa increased at a sharp growth rate of 4.4 percent to 295 million (i.e. by 12 fold) by 2000. This occurred at a time when the world urban population growth rate was approximately 2.7 percent. Actually, during this period, the growth rate of sub-Saharan Africa was much higher than the 3.5 percent average of Asia, Latin America and Caribbean and the Middle and Low Income Countries respectively. By some estimates, the urban population of sub-Saharan Africa doubles every 12 years (see Njoh, 2003). The predictions (see Table 2-1) are that by 2030 the urban population of Africa would exceed those of Latin America by some 179 million and Europe by 247 million. This, it is estimated to imply that 52 percent of Africa's population will be living in towns and cities by 2025 (Kamete, Tostensen et al., 2001). This rather high urbanisation rate in sub-Saharan Africa has been attributed more to an increase in rural to urban migration and a high birth rate (National Research Council, 2003).

Until recently, however, such rapid urbanisation was regarded as an antithesis of development (Njoh, 2003). To this view, such rapid growth rate in sub-Saharan Africa would have been a great threat to the development pursuits of the region. Following recent works, nonetheless, this view has changed and urbanisation is now perceived as imperative for economic development and hence no longer a course for alarm for the region's development as earlier thought (National Research Council, 2003). Nonetheless, the question that needs posing is – How has rapid urbanisation combined with urban land tenure and institutions to promote or atrophy economic growth in sub-Saharan Africa?

2.3 INSTITUTIONS, LAND TENURE AND ECONOMIC GROWTH

Theories of economic development take as their expository starting point the doctrine that all humans are essentially selfish and do "everything with a view to gain enjoyment or avoid pain"(Jevon, 1856). It is the net of the enjoyment and pain attained by individuals under particular economic order that constitutes the quotient of the magnitude of welfare brought by the prevailing economic order to the individual. Economic development is thus simply the aggregate of the

achieved welfare quotients across all individuals in the particular society. A deficit overall welfare quotient indicates generally a decline in economic development whiles surplus quotient indicates growth. To achieve the desirable surplus welfare quotient, the institutions that regulates the use of each of the trio of development resources; land, labour and capital must offer incentives and liberties so that they can be channelled into activities that will produce this surplus. For land, the applicable institution is the land tenure system. The land tenure system is thus the basis for the productive use of land and property for development and growth.

While much has been written on economic development, it is only in comparatively recent times that this link between land tenure, urbanisation and development is being appreciated. In point of fact, the primary disposing function of urban land - a basis for shelter, workplace and space, factor of production and sustenance of economic life - is well known. Yet this recognition has all along been bolted on the presumption of abundant (Eicher and Baker, 1982) and problem free (Falloux, 1987) land endowment across sub-Saharan Africa. Earlier neoclassical economic theory essentially perceived land tenure, the conditions under which land is held (Meek, 1949; Bruce, 1987), like all other social institutional forms (Bardhan, 1989) as a subject matter that falls beyond the ken of economic analysis (1981; North, 1990). This derives from the fact that in earlier neoclassical economic theory "there are no organisations or institutions except for markets that form the theoretical core of neoclassical paradigm"(North, 1981). To the earlier economists thus, land tenure was better taken as given (Warriner, 1964) as they can be ignored in economic analysis because they play no independent role in economic performance (North, 1981).

With such underappreciated economic imperative of land tenure, even lead International Development agencies as the World Bank and its compatriots avoided the land question in their development support programmes considering it to be "too political"(Falloux, 1987). As a result, land tenure issues were often not mentioned at all or were only given cursory attention in economic development discourses (Platteau, 1992, p.22). The fundamental outcome from this is the long dearth of an adequate economic analytical framework to tackle land tenure issues (Platteau, 1992). But all this was to change with the development of New

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> judging for himself. This moral torpor, which takes possession of him, likewise takes possession of his fellow citizens, and we have seen entire nations fall in this way into disastrous inertia (Bastia, 1850).

To avoid this pattern, economists now widely concede that since only individuals, of all known agents, have the precise knowledge of their personal circumstances it is they alone who can tell what would best improve their welfare quotient. It is thus rational for these incentives and liberties to be entrusted to individuals so that they are tasked to propel the deployment of their foresight, industry and experience and to channel their economic efforts into activities that would successfully maximise their own welfare quotients. This arrangement will provide the best grounds for economic growth. That said, when these liberties and responsibilities are vested in individuals without rules of coordination, cooperation and interdependency the desire to maximise surplus welfare quotients would invariably and rationally result in anarchy in its many dimensions of gross violation, externalities, overexploitation, waste and rent dissipation (Fisher, 1923; Gordon, 1954; Scott, 1955; Hardin, 1968; North and Thomas, 1973). To overcome this the tenure system must ensure that individuals are not simply vested with incentives and liberties but as well exclusive rights to use their land (also their labour, capital and other resources) as they deem proper and they alone should possess the right to transfer their resources to other actors of their choosing on agreed terms (Coase, 1960; Posner, 1977; Pejovich, 1990; 1997). To provide the right incentive to channel these liberties into productive activities, the tenure system must also facilitate cooperation, reward industry, creativity, productivity and success whiles penalising torpor through social and commercial relationships (Smith, 1776).

For economic efficiency, the tenure system must additionally ensure the provision of a `level playing field` including fair and general rules for social and commercial relations. It must also lower the impediments to the full and productive deployment of these liberties by providing vital infrastructure and services as - roads, highways, water, telecommunications, police service, dispute resolution mechanisms, mechanisms for internalising externalities (Pigou, 1962), information

supply systems (Arrow, 1963) among others. These are so vital that, where the tenure system on its own is unable to provide comparatively cheaply, fairly and adequately, which is often the case, it will be the legitimate duty of government to step in with these provisions either exclusively or in partnership with the tenure system. When all these are in place as Posner (1977, p.10) explains "individuals will endeavour by cultivation or other improvement to maximise the value of land" (see also Alchian, 1965; Demsetz, 1967; Hardin, 1968; Becker, 1977; Ault and Ruthman, 1979; Feder & Feeney, 1991; Besley, 1995; Payne, 1997; Bromley, 1997; Cousins, 2000).

In sub-Saharan Africa however, the conventional view is that, the region's land tenure system promotes incentives for rent dissipation, externalities, gross violation among others thereby constituting an eminent threat and constraint on productivity and growth. This review argues on the contrary that it is rather the land reform policies that were premised on this conventional view over time that are incentivising and rerouting economic efforts of actors into activities that constitutes a threat and constraint on growth and development. To establish this argument it is worthwhile to draw on historical policy events to establish the contributions they continue to make to the many policy issues which present themselves today. But first, a clearer view of the nature of the indigenous land tenure regime of sub-Saharan Africa will provide a solid basis for appreciating the consequences of these policy events.

2.4 THE MAJOR LAND TENURE THEORETICAL POSITIONS

Many studies have enriched our understanding of the disposition of the land tenure system of sub-Saharan Africa. These studies have however progressed along divergent paths producing in the process an uneasy mix of consensus, contradictions and controversies (van den Brink, 2003). The two main positions in this dialogue are termed in this chapter: The Structural and Evolutionary theoretical positions respectively. Though these positions have so far been treated in the literature as contending theories, a critical look shows that they are indeed the two ends of a single continuum of land tenure evolutionary processes. The scenario that gives legitimacy to these theoretical positions and their policy consequences is briefly looked at in the light of the above discussions.

2.4.1 Structural Theory of Land Tenure

There is now a shared set of conceptions or doctrines that can be referred to as the structural theory of land tenure. This theory explains the land tenure system of sub-Saharan Africa in its basic terms and takes as its expository point, the model or structure of the pre-capitalists African tenure system as given. It takes the customary rules that govern the tenure system also as codified and immutable. Accordingly, the structural theory builds together, from this expository point, the intricacies between the spiritual, normative codes, behavioural, cultural beliefs and organic structures of the pre-capitalist indigenous African era, to develop understanding and meaning of the region's land tenure system. It reaches this position by placing considerable weight on the kingship and lineage communal structures and land relations of African societies (Bruce, 1986; Woodman, 1996; Gyekye, 1998).

A pivotal thesis of this theoretical position is that land in Africa is a sacred resource. It is regarded as "a preserve of major deities, the sacred soil of the ancestors, an object of the most important rituals, the origin of royal power, the basis for health and prosperity; indeed, it was widely looked upon as the source of life itself"(July, 1975). Polanyi (1944 p. 178) for instance perceives land as an element of nature inextricably interwoven with man's institutions. Le Roy et al.((1996, p.52 cited in Lund, 2001) argues further in reference to Francophone Africa that land "is not only riches but also at times "a person" (in the traditional sense) which can be made to talk (like the dead). It was also (at least sometimes) a deity holding vital powers which should be dealt with precaution". While it is very difficult to establish the origins of these sentiments, they invariably resonate the view that land is more than a factor of production, basis for shelter or an economic good. Actually they reinforce the view that land is a priceless possession that no one individual could own as in the western sense (see further July, 1975). It is to be owned corporately by a group, clan, family or lineage including the dead, the living and unborn (see Nana Sir Ofori Atta cited in Ollenu, 1967, p.4; see also Meek, 1949). The dead or ancestors are part of these rather vertical corporate communities as, it is argued, "land [is] the sanctuary for the souls of the departed ancestors (Asante, 1975, p.3) and hence "belongs to the ancestors" (Busia, 1951,

p.44). The unborn generation are also incorporated into this community because it is argued, to carry on life without land is much the same as being born without hands and feet since land is tied up with the organization of kinship, neighbourhood, craft and creed- with tribe and temple, village, gild and church (Polanyi, 1944 p. 178).

The implication is that the living actors of society are essentially caretakers with beneficiary interest, not really exclusive owners. To make this position clearer, advocates of this position describe the land rights of the living actors as usufructuary rights (Ollenu, 1967), a term derived from Roman law, meaning "the right to use a thing belonging to someone else or rent it to others but not to sell it or change its quality" (Pejovich, 1990, p.28). Accordingly rights in land in Africa are spoken of as co-owned (Donor, 1972; World Bank, 1975; Harrison, 1977) essentially by the vertical community or even "as a regime not of tenure at all, and worse, one with no socio-spatial boundaries – that is, a regime of open, or public, not private access" (Alden Wily, 2000) with unrestricted rights (World Bank, 1975). The tenure system is thus presented as placing greater restrictions on the extent to which rights and liberties regarding land use can be entrusted in individuals for growth. Actually it reproduces the idea that the tenure system is prone to rerouting economic efforts into ventures that promote waste, rent dissipation, gross violations and mass externality.

To this position, the expected preoccupation of the living economic actors under this theory is to ensure that ownership of the land does not pass out from the community. Besides, the use and benefits from the land must also be restricted to the membership of the corporate community. It is therefore only the membership of particular communities alone who can capture benefits from the land (Pejovich, 1997, p.4) either individually (Mol and Wiersum, 1993) or jointly (Lund, 2001; Shakleton and Tapson, 2005). Accordingly the tenure system, from this position, forbids commercial land transactions altogether either among the membership or between the members and non members. This is because, according to Asante (1975, p.4), in particular, land is "the most valuable heritage of the whole community, and could not be lightly parted with" or sold (Gough and Yankson, 2001). Danquah (1928, p.212) more forthrightly asserts "an absolute sale of land ...

[is] ... not simply a question of alienating reality, notoriously it [is] a case of selling a spiritual heritage for a mess of pottage, a veritable betrayal of ancestral trust, an undoing of the hope of posterity". Thus the commercial relations that need to be promoted by compatible tenure systems are explicitly outlawed. This also reinforces the view that access to land cannot be determined under any circumstances by the forces of demand, supply, foresight, industry and entrepreneurial abilities but only by membership of the community (see further Migot-Adholla et al, 1991). This position is in reality toughened by the argument that to separate land from man and organise society in such a way as to satisfy the requirements of real estate markets, is "the weirdest of all undertakings of our ancestors" (Polanyi, 1944). The usual explanation to this position is that "the creation of land market ... eliminates all claims on land originating in kinship or neighbourhood organization and could lead to landless peasant" (Mabogunje, 1989 p.79). Such is the asserted proscription of commercial transfer of land rights that although families may have secure and inheritable land holdings, these are said not to be freely traded on the market (IIED, 1999). With these stressed inferior incentive structures it is little wonder that Africa is pervasively spoken of as "a special case precisely because traditional land tenure systems which do not allow private land rights to be fully recognised still predominate" (Platteau, 1992, P.83; Degnbol, 1996). If this theoretical position is valid, then the overwhelming conclusion is that unless the workings of the tenure system are fundamentally restructured to entrust individuals with liberties and exclusive rights to land use, transfer, benefits and costs, it will remain incompatible with economic growth.

There are very serious problems with this theoretical position and it is a wonder how it came to be a conventional wisdom. A few of these will suffice. Even if it is taken for granted that the arguments represent the truth, which is unlikely, the fundamental flaws in their underlying logic bring them into serious questioning. For instance it is self evident that if the living actors are to preserve the land in trust for the future generation they would require a means of sustenance. The land resource alone is not sufficient for that. It has to be effectively combined with capital and labour. So, where capital and labour are lacking it is naïve or illogical to expect the living actors to sit aloof, watch over the land resources for the dead

and unborn generation and perish prematurely. Indeed if they do so, the unborn generation in time will also become the living and the present day living will become the dead and the cycle of premature perishing and destitution will be perpetuated in the region. How can it be that institutions evolved by men, not by the Creator, for themselves could be so constraining as to make poverty and underdevelopment a perpetual feature of society? Surely, any doctrine, however emotive, that seeks to perpetually impoverish a group of people, is not only questionable and illogical but as well illegitimate. Indeed if the position is correct then the living actors of Africa are caught in-between an incompatibility of realities. On one hand they are expected to sustain their livelihoods to preserve the land resources of the community for the unborn and ancestors, yet on the other they are denied the very means to do so. Surely, self interest maximisation will generously lead living members of society to so rampantly flout the custom that it will lose its meaning in no time. Possibly, the actual rationale behind this sacred characterisation of land is not to trap living actors in this sort of incompatibility of realities but to inculcate into the African society, by means of legends, a sense of sustainable and judicious use of land.

Then again, these theories originate from pronouncements and writings of certain people and thus hold their validity to the accuracy and open-mindedness of these earlier writers. In reality, serious doubts have been placed on the credibility of at least some of the statements and works of these persons. A fundamental discovery of Berry (1993, pp.39-40) for instance is that these earlier writers have not always approached the subject with neutrality and have constantly redefined these normative codes "in order to take advantage of commercial or political opportunities". Firmin-Sellers (1998) also studies the complex political processes by which property rights are defined and enforced in colonial Ghana using rational choice theory. The study found that prominent and politically influential, wealthy and mostly Western educated individuals in Ghana were the key players in the debate and renegotiated what constitute customary rights for their own benefit. These discoveries question the objectivity of the propositions under this theory.

Perhaps the greatest failing of the structural theory, from the economic perspective, is its almost fanatical reliance on non-economic basis, spiritual myths, to make claims on an institution, the land tenure that is as well economic in nature. Given that land tenure is cultural as well as an economic institution, it is a reasonable expectation that, for objectivity, theories surrounding them both historically and presently are culturally and economically situated. The inability to do this demonstrates that this theory explains, if valid, only a part, the non-economic part, of the tenure system and thus lacks the merits to form the basis for economic analysis or policy. For a complete view there is the need to also situate the theory in economic principles as it exists in reality; an end to which the evolutionary theory is directed.

2.4.2 Evolutionary Land Tenure Theory

This theory illustrates clearly from empirical observation that the tenure system of Africa has incredible potential to offer incentives to channel economic efforts into productive ventures if permitted to evolve endogenously. The expository starting point is that, the world over, land was originally abundant and hence regarded as a resource of limitless supply for private exploitation by all and many. Land was thus owned by no one in particular (see further Hobbes, 1651; Demsetz, 1967; North and Thomas, 1971; North, 1997; Pejovich, 1997). This derives from the argument that:

> ...if we are all here by equal permission of the Creator, we are here with equal title to the enjoyment of his bounty – with an equal right to the use of all that nature so impartially offers (Henry George quoted from Ofori, 1992).

Karl Marx (Marx, 1974):

> ... the earth and the fullness thereof, were in the original state of nature, the common property of all mankind, so that every child born into this world had, ipso facto, an inalienable right to an equal share in the common inheritance...

Thus the cardinal element of man's relations to land was originally the right to use, usufruct, rather than ownership and access was unrestricted. Each member of the

community had the right to use as much land as they could develop. This open access situation in the primitive state of society the world over including sub-Saharan Africa naturally led invariably to widespread resource captures. Each community or family developed or cultivated portions of the land until they abandoned the land or gave it out to another group. With time land use became rivalrous in that if one individual or family captured and used a portion of the land, that portion would no longer be available for others. Thus individuals and families, in the bid to protect their investments and development in particular portions of the land, established an organic relation with the land. This helped in identifying members of community and defines their social or political importance (July, 1975). Self-interest maximisation expectedly encouraged overexploitation which was to lead to rent dissipation (Gordon, 1954; Scott, 1955). Every capture reduces the available land stock. Nonetheless, whiles land was still in abundance with no scarce value, supply problems were nonexistent and thus overexploitation was less problematic (Pejovich, 1990). In situations like that there would be "no positive value to society of creating clearly defined property rights in land" (Johnson, 1972, p.271). Any theory based on this stage of development of society is likely to arrive at conclusions analogous to those of the structural theorists. This confirms also that the structural theory and the evolutionary theory are not distinct theories as often portrayed but a continuum, explaining the initial and subsequent development of the land tenure system.

It soon became apparent that land was not to remain forever in excess of demand. Scarcity of land in Africa was occasioned by growth in cultivation of commercial crops, primarily oil palm, cocoa, groundnuts, cotton and coffee (Sender and Smith, 1986,p.158; Migot-Adholla, Hazell et al., 1991), population growth (Feder & Feeney, 1991; Binswanger, Deininger et al., 1995), increased trade (Sender and Smith, 1986), social and economic changes, new technologies, natural calamities, migration, subordination, war and litigation (Field-Juma, 1996). This propelled the need for more precise demarcation of captured land holdings (Brandao & Feder, 1995 see also Demsetz, 1967), which also came with widespread land disputes (see Meek, 1949) as was to be expected. As land became scarce the marginal costs imposed on other individual users as results of land capture by others began to

hurt the economic well being of society. In every society, it is this condition that spurs the "emergence of new property rights...in response to the desires of the interacting persons for adjustment to [these] new cost responsibilities" (Demsetz, 1967, p.350). This commences a transition from open access or group ownership towards a private property rights system (Demsetz, 1967). Eventually the goal of a private property system would be reached but over a considerable period of time as the experiences of the western world demonstrates (Buell, 1965; North & Thomas, 1973; De Soto, 2000).

In Africa this transition commenced when those who first discovered (Bruce, 1987) and continuously exploited, maintained, defended and protected particular portions of the land together with the development thereon (Sarbah, 1897; Ollenu, 1967; Meek, 1949; Woodman, 1996; see also [Ohimen V. Adjei (1957) 2 West Africa Law Report, 275) established for themselves use (*usu*), beneficial (*fructus*) and perpetual rights in those particular portions. The land rights so acquired have been noted for all practical purposes to be equivalent in every respect to private property rights or freehold interests in land as known to English land law (Bruce, 1986; Rimmer, 1992; ; for the nature of English freehold see Megary and Wade, 2000) The Chief or headman of the community exercises political (July, 1975) and administrative (Bruce, 1986) control over the pockets of unapportioned or un-captured portions of land within the territories of the community for and on behalf of the entire group of which the Chief is also a member (Rimmer, 1992; Gyekye, 1998).

When the customary freehold in all the land within the territory of the community is completely taken up either by members or through sale, the radical or allodial rights held by the community in common and administered by the head is reduced to mere administrative rights over the land (for instance Pogucki, 1950; Okoth-Ogendo, 1982; Bruce, 1986; 1987; Dickerman, 1987; Feder & Feeney, 1991; Migot-Adholla, Hazell et al., 1991; Platteau, 1992; Sjaastad Espen and Bromley Daniel W, 1997; Payne, 1997; Antwi, 2000; Toulmin and Quan, 2000; Quan, 2000; Platteau, 2000; McAuslan, 2000; Cousins, 2000; Gough & Yankson, 2001). At this stage in the development process it would be incorrect to describe land rights in Africa as open access resource since it is only by the sanction of the community or original

acquirer that access could be obtained (Berry, 1993; 1994; Sjaastad & Bromley, 1997; Alden Wily, 2000).

Perhaps what may have confused some observers is the fact that ownership boundaries over specific parcels were and still are usually physically non-existent except in some urban areas. These boundaries, however impermanent or invisible they may be, were known, accepted and respected by all in the pre-capitalist days and hence sufficient to indicate limits of ownership. As Buchannan (1975, p.20) explains, societies begin to consider precise definition of rights and drawing of the limits of ownership more carefully only when the tolerated limits are exceeded, when previously accepted boundaries are crossed. While this tolerated limit remains unbroken attention was focused more on building solidarity among neighbouring original acquirers to strengthen kinship ties and form the communities. This solidarity served the indigenous Africans in many respects; socially, economically and politically. A fundamental objective for the formation of this community was to make it possible to pool together resources and redistribute risk in times of war, drought or pestilence (Field-Juma, 1996) and to provide common labour resources for agricultural cultivation (Bruce, 1986). Further, this solidarity according to Okoth-Ogendo (1994) also:

> ...was meant to guarantee security of opportunity for all who had access rights to those resources. If there were a possibility that some of these rights would be taken away, the tenure system assured that these would occur only in exceptional circumstances, and only upon a collective decision made at the highest level of social organisation. Second, it was designed to ensure equity between and across generations. ... Third, [it] ... also determines important land use decisions... and the nature of resource preservation or conservation measures, where these required collective action by the community.

As a symbolic gesture to cement this solidarity, the founding individuals or nuclei family units of the community agreed to a privileged association of their acquired land rights with their newly formed communities. The privileged rights that

accretes to the community, the allodial rights, as Meek (1949, p.179) establishes amounts to what "would be described in English law as a right of reversion- a right which cannot be lost by prescription". The right to the economic use and exploitation of the land remained vested in individual members of the community (Mabogunje, 1992). Thus when land in Africa is spoken of as commonly held it could only be in reference to this notional radical title in areas where the customary freehold has been acquired (Bruce, 1986; Woodman, 1996).

To date boundaries remain unclear in most areas. But these socio-economic changes and their accompanying fundamental changes in land prices led to some "natives claiming ownership in the soil" which in turn increased the sale of land by one native to another and then from native to non natives (Buell 1965, pp.761-762) as far back as in 1860. This marked the break from the structural era towards the fully fledged private property era. Initially, in keeping with the then value of the land, particularly during the pre-colonial era, the customary freehold were sold for small symbolic gifts, such as "a few yams or a tin of palm oil" (Berry, 1975, p.95), locally brewed drinks (Ollenu, 1967), beer, produce or livestock (Kitching, 1980). With time, these symbolic payments transformed to substantial cash (Clarke, 1980) or other forms of payments (Berry; 1975; Kitching, 1980, p.290-291) such as several years of labour (Woodman, 1996). Now, land rights in sub-Saharan Africa have taken on a more profound economic, social and political character. Thus though land is spoken of as inalienable under the structural theory, there is now sufficient authority to support the view that sales of land was, even before the introduction of government intervention, possible, and now common.

2.5 THE CURRENT SUB-SAHARAN AFRICA URBAN REAL PROPERTY FRAMEWORK

At a national level, urban property markets in sub-Saharan Africa are now diverse and depict a polarised patchwork of highly matured and vastly fledgling sub markets. These reflect the strengths of the respective national economies and country specific policy hindrances. Table 2-2 shows the pattern of maturity of selected African real estate markets as ranked by Knight Frank (2003).

Table 2-2: 2005 African Real Estate Market Strength Forecast

City	Office	Retail	Industrial	Total Score
Johannesburg	1	1	1	3
Lagos	3	2	2	7
Gabarone	2	6	5	13
Kampala	4	5	4	13
Dar es Salaam	5	7	3	15
Nairobi	6	4	6	16
Lusaka	8	3	7	18
Harare	7	8	9	24
Blantyre	9	9	8	26

Source: Knight Frank (2003)

According to the Table there are marked differences in the maturity stages between the respective selected countries as well as local differences in maturity between the different sub sectors of the property market. Presently, the degree of maturity of a country's real estate market in Africa seems to be a strong correlate of the size of the international participants and business community on that country's real estate market. International participants in this sense comprise both citizens who are normally resident in the West or expatriates in African countries. By far the South Africa real estate markets are the most matured in sub-Saharan Africa. Using house price indices the *Economist* (December, 9 2004 edition) rated the South African housing markets as the first in the world. This is reported in Table 2-3.

Generally house prices in South Africa are rising even above inflation. This is attributed to the high concentration of international buyers in the South African residential markets (Grubb and Ellis and Knight Frank, 2003).

Apart from South Africa no other African country featured in the top class list. In Zimbabwe the significant growth in the residential lettings market over the last three years with rental rates rising above inflation is attributable to the high presence of international buyers drifting from outright ownership markets to letting markets due likely to the ongoing political insecurity in the country.

So also, in Kenya and Tanzania where the high quality of the residential market is directly linked to overseas corporate investment particularly in Dar es Salaam (Grubb and Ellis & Knight Frank, 2003).

Table 2-3: The Economist's House- Price indices: % Change on a Year Earlier

No.	Country	Q3- 2004	Q3-2003	1997-2004
1	South Africa	35.1	20.9	227
2	Hong Kong	31.2	-13.6	-49
3	Spain	17.2	16.5	149
4	New Zealand	16.4	21.2	56
5	France	14.7	11.5	76
6	Britain	13.8	11.0	139
7	United States	13.0	6.0	65
8	Ireland	10.8	14.8	187
9	China	9.9	4.1	No
10	Sweden	9.8	5.5	81
11	Italy	9.7	10.6	69
12	Belgium	9.3	5.5	50
13	Australia	8.2	17.6	112
14	Denmark	7.3	3.4	50
15	Canada	6.7	6.5	43
16	Netherlands	3.3	1.9	76
17	Switzerland	2.2	2.4	12
18	Singapore	nil	-2.3	No
19	Germany	-1.7	-4.5	-3
20	Japan	-6.4	-4.8	-2.4

Source: The Economists

This means that economies that are relatively well performing with serious business opportunities and sufficient guaranteed security for expatriates are likely to be comparatively attractive to expatriates and mature faster.

It is possible to attribute this situation in which international participants and business persons drive the progress of property markets in these economies to two main factors. Firstly both the supply and demand for developed urban properties in general entail front heavy capital investment. This is typically above the means of the majority of the population of these African countries given the generally low-income levels in most of these countries (refer to section **1.2**). As in the western economies, in situations like this a strong mortgage market provides good relief. However in sub-Saharan Africa, with the exception of few countries such as South Africa, Uganda and Kenya (Grubb & Ellis, 2004) with a fairly developed mortgage markets, most countries are characterised by very weak and ill developed financial and mortgage markets. Most of these countries are faced with high mortgage rates making it very expensive to borrow for property development (Grubb & Ellis, 2004). Even in the case of Zambia, the mortgage market is said to have disappeared all together (Grubb and Ellis & Knight Frank, 2003).

As a result, the majority of Africans rely on funds from informal credit, remittances, personal savings, rotating credit associations, social clubs and institutions (Rakodi, 1997) to buy a house or land to construct their own houses incrementally. The comparatively long gestation period of property development particularly when funded this way means that in the end the real costs of constructions tends to be higher than it would normally have been. This is contrary to what is expected of a poor country where money is difficult to come by. Osondu and Middleton (1994) estimates for instance that in Enugu, Nigeria about 78 percent of housing stock are built by the owners directly and of this only 35 percent had access to formal institutional credit. This shortage of formal credit appears to have also slowed down investments in commercial estate development in Africa thereby producing stagnation in these markets. Still the relatively small class of commercial estate development companies in these countries also tend to rely on funds usually obtained from a combination of sources ranging from bank credit, informal credits, personal savings or inheritance.

As a consequence, there is a wide variation in the proportion of urban residents in respective countries who achieve home ownership depending on their personal circumstances and hindrances posed by government policies (Grubb & Ellis, 2004). UNCHS/World Bank (1993) suggests that these variations range from around two-thirds in Tunis, Johannesburg, Ibadan, and Dakar to under half in Algiers, Rabat, and Harare, one-third in Lilongwe and Cairo, little more than a quarter in Dar es Salaam, Nairobi, and Accra, and only one-fifth in Abidjan. At such rates, it will take several decades for many of these markets to attain internationally efficient performance levels. Those who cannot afford to own houses, as is the case everywhere, rent their housing needs. The rental markets in Africa have developed their own sophistications that have no analogy in western economies. Owing to pervasive inflation and possibly insidious landlord and tenant policies landlords in the rental markets tend to demand key money or several months or years rent in advance on entry to offset subsequent decline in real rents (Rakodi, 1997). Those who cannot afford to honour these payments are then shunted to the slum where rental conditions are less onerous.

All this demonstrates that the tenure system is potentially compatible with the requirements for economic growth as it admits to allocating rights to individuals to facilitate social and commercial cooperation. It thus has the potential to propel industry and foresight as well as to channel individual economic efforts into productive activities for growth. It has not however progressed to perfection. Perhaps the more interesting question is how government land tenure reform measures have helped in reaching this goal?

2.6 THE SUB-SAHARAN AFRICA LAND REFORM POLICIES

To address this question there is the need for a viewpoint about what the ends of land reform policies in sub-Saharan Africa should be considering the fledgling evolutionary state of the tenure system. Clearly what is required is a mechanism to facilitate the independent evolutionary processes so that it can fully and more perfectly entrust individuals with exclusive rights to use, transfer and capture benefits and costs from the land resource. As discussed (supra) the endogenous land tenure evolutionary process is a direct response to fundamental changes in exogenous, socio-economic conditions, including increases in business transactions, commerce, export trading, competitive credit markets and general growth in wealth. Thus the most important way to facilitate this evolutionary process is to trigger positive changes in these exogenous forces by lowering the obstacles that are impeding their growth. Fundamental to this is the removal and restructuring of bottlenecks in export trading including customs procedures, lowering of the entry barriers for credit institutions, fair rules and incentives for business and commerce, among many others. It will also be the legitimate duty of government to legitimise and accord individualised rights under customary tenure all the incidences of private property rights in accordance with the applicable customary law including the immunisation of right owners against uncompensated expropriation. Besides, to ensure rational commercial relations, government will have to provide a mechanism to collect, collate and supply relevant market information to market dealers at economical costs. Government would also have the added responsibility of providing a framework to facilitate internalisation of land use externalities and land ownership disputes. The question is how have land reforms in Africa faired so far in these terms?

2.6.1 The First Generation Land Reforms

This first generation land reform occurred during the European colonial encounter with Africa roughly between 1880 (Rodney, 1985) and 1956 (Morgan, 1992). Indeed systematic research has established that all efficient economic outcomes from these policies were essentially by-products of activities intended to promote any of the threefold interests of the colonizers(Kaniki, 1985; Mabogunje, 1989). These interests are "firstly... to provide raw materials (agricultural products and minerals) to feed the machines of the industrial imperial power. Secondly...to import manufactured goods from the imperial power and thirdly... to be self-supporting" (Kaniki, 1985, p.328). This necessitated the synchronisation of indigenous economic systems of Africa in line with these ends (Reyna and Down, 1987, p.1). The key resources required from Africa to accomplish this were land and labour. However since "the strict definition of the ownership of land seemed to be the master key to African labour" (Lonsdale, 1958, p.752 quoted from Sender and Smith, 1986, p.22) land policy became the masker key to the accomplishment of these goals. Even so, while it was clearly possible to mobilise land through commercial relationships under the indigenous tenure, that approach, like all commercial dealings under the price system entail costs. The relevant costs being, the costs of information regarding ownership and customary rules, costs of negotiating contracts with the manifold landowners likely to be involved and the costs of enforcing contracts in a regime where land capture was rife and ownership was largely unrecorded.

To be self-supporting, not necessarily for the economic good of the market, these costs were to be circumvented or lowered. These were accomplished through various means. One of these was the drafting of indigenous Chiefs and leaders, the repositories of local knowledge and information, into the administrative and legislative setups of the colonial order under the British *indirect rule* (Noronha, 1985) and French doctrine of *Association* (Betts, 1961; 1985). So important was this organisation to the whole purpose of colonialism that even in communities where chieftaincy institutions did not exist; chiefs were literally contrived for this purpose and recalcitrant Chiefs were deposed (see Platteau, 1992). In the end some transaction costs were circumvented, but this approach perverted "the whole

fabric of pre-colonial African societies" (Platteau, 1992, p.103) at great expense to the then land tenure evolutionary processes.

These Chiefs became the junior partners to the colonial regime and exercised authority only by the sanction of civil government not necessarily by customary norms. Thus rather than acting as custodians of custom to facilitate the tenure evolutionary processes, the Chiefs became rather the conduits through which the perversion of the tenure arrangements was subtly and tacitly brought to bear. For instance by granting these Chiefs the right to allocate land (see Platteau, 1992), the legitimate economic rights of the customary freeholders were extinguished and transferred to these Chiefs. This merged in the Chiefs both the Allodial and customary freehold rights, an arrangement never contemplated by customary law. In essence this arrangement promulgated the doctrine that landownership in Africa derives rather exclusively from the Chiefs (Feder and Noronha, 1987) and the customary freeholders are "tenant[s] of the tribe" (Bates, 1984, quoted from Platteau, 1992, p.100 see also Amodou Tijani v. The Secretary, Southern Provinces, Nigeria (1989)).

Such perversion conveniently afforded the colonial regime the needed opportunity to by pass the forces of demand, supply and custom to regulate, land allocations from behind (Bates, 1984). Some of the infamous land tenure distortions achieved were the despotic imposition of restrictions on competitive exploitation of the land resource with and among the expatriate merchant firms. This phenomenon, which would have expedited the land rights evolutionary processes, was advertently suppressed (Rimmer, 1992, p.41). Another was the prohibition of "land sales not only between Africans and non-Africans, but also among the Africans themselves, unless explicitly approved or undertaken by the appointed chiefs"(Platteau, 1992 ,p.100). Yet another was the insurance that "Africans were often forbidden to cultivate certain export crops to avoid competition with white export markets" (Bruce, 1987, p.31). All these were significant interventions that disrupted the evolutionary processes.

Perhaps the most significant disruption of the tenure system occurred when in the bid to mobilise land freely (Buell, 1965) for the intended large commercial farms

(Bruce, 1987, p.30) the administration sought to transfer land allocation authority from the community level to the governmental level. This quest necessitated the application of "legal, administrative and commercial rules already developed in European countries" in these African countries (Mabogunje, 1989, p.83). For the British colonial dependencies, the received legal order was the "Reception Clause" which made the common law, the doctrine of equity and statutes of general application already developed and applying in England equally applicable in British colonial dependencies (McAuslan, 2000). Similarly for Southern African dependencies (currently Botswana, Lesotho, Swaziland and Zimbabwe, Namibia) the received law was the Roman-Dutch law. The Portuguese laws were introduced in Mozambique and the French speaking half of Cameroon (McAuslan, 2000 p.76). The French *Code Civil* became the received law in French colonial dependencies (Delville, 2000).

Backed by these laws, large indigenous land rights, particularly in Eastern, and Southern Africa were forcefully taken over by the state (Okoth-Ogendo, 1982; Munro, 1984; Kaniki, 1985 ; Okoth-Ogendo, 1994; 1998; McAuslan, 2000; Delville, 2000; Okoth-Ogendo, 2000). It was only in West Africa, that this free expropriation was largely checkmated by local resistance movements (Meek, 1949; Toulmin & Quan, 2000; McAuslan, 2000). Even so, in West Africa though the administration owned only such lands as they actually acquired at full price (Meek, 1949; Okoin, 1999; Stamm, 2000) the conquered territories such as Benin in Nigeria and Ashanti in the Gold Coast as well as lands in both Northern Nigeria and the Northern Territories of Ghana were held by the administration in trust for the indigenes of the respective countries (Meek, 1949). These policies did not just disrupt the tenure process but rather replaced them altogether with government allocation systems in many African societies.

These were accompanied by a series of land registration laws aimed essentially at gradually abolishing indigenous land rights by insisting on transactions to conform to European tenure requirements (Meek, 1949; Brobbey, 1991; McAuslan, 2000). In Uganda for instance the Registration of Title Act of 1922 provided for the registration of *mailo* lands and subsequent transactions after registration was to follow English or statutory requirements as opposed to customary practices.

Kenya was probably the first country to have a real brush with the Torrens system of Title Registration in sub-Saharan Africa in as early as the 1950s following the 1908 registration law designed to streamline titles in the Coastal strip leased from the sultan of Zanzibar. The law was deliberately modelled on the 'new' 1925 English land law, suitably adapted and simplified for the circumstances of Kenya (McAuslan, 2000). Observance of the requirements of these European registration laws meant for instance that new regimes of transaction costs previously unknown under indigenous legal order came increasingly to bear on land market dealers. The then simple and almost instantaneous land rights deals were immediately tempered by these complex European legal requirements and covenants. As a consequence, transaction and information costs faced by landowners and indigenous purchasers heightened rather than lowered. This position has since not changed, indeed now compounded. It is the circumvention of these added costs by market dealers that led in those days (Noronha, 1985) and presently to large informal transactions (Antwi, 2000). Information relating to all these transactions remains outside the domain of the main information supply systems thereby denying the market the relevant feedback mechanisms required for rational decisions and transactions.

Clearly these systematic and fundamental interventions deviate considerably from what is expected of efficient government interventions. They brought instead significant, largely irreversible, disruptive and material changes to the fabric of the indigenous tenure systems in particular and the economic systems of Africa as a whole (see further Frank, 1969). It is not surprising that the quest for remedial measures to deal with the inequities, injustices; inefficiencies; waste; unproductive client-patron arrangements; economic disruptions, market malfunctioning and rent seeking activities originated by this generation of policies continue to dictate current policy thinking and debate across the region.

2.6.2 The Second Generation Land Policies

This regime of land policies occurred during the immediate postcolonial era. This was an era of euphoria and great expectations for Africa and the newly liberated economies were poised to demonstrate their capabilities to manage their own affairs, overcome the undoing of the colonial era and rapidly making up for lost

development decades. To accomplish this it was contended that a "critical minimum effort" or "big push" was required through a massive increase in the ratio of investment to national income (Killick, 1978,pp. 17-18). Premised on the then development economics principles that venerated central planning (Leibenstein, 1957; Killick, 1978; Stern, 1989a), this kind of development was to come by way of state directed modernisation (Arrighi, 1970; Harris, 1975) through industrialisation (Nurkse, 1953). For, "after all, the process by which the countries of Europe modernized their economies is called industrial revolution" (Killick, 1978, p.20; Sender and Smith, 1986).

The indigenous economic system was thought to be inadequate to offer support for the big push as "a ceiling existed on the level of attainable output per head" they could produce (Rostow, 1960). The agenda presumed however the existence of a large reservoir of unemployed labour (Lewis, 1954) and abundant land resources. As such capital formation was exclusively stressed as the only missing element in the big push equation (Killick, 1978 ,p.19). This was not without theoretical support from the then dominant Harrod (1948) and Domar's (1957) capital-output ratio.

Yet the mobilisation of large tracts of land by the state was a key requirement for the successful execution of such level of state led and directed investment push as envisioned. Without the state owning large tracks of land, the vast industrial establishments, farms, industries and extensive bureaucracies could not be established and the vision would fail. Thus in the absence of any explicit incorporation of land mobilisation strategy, the respective states had to decide their own land mobilisation paths. This necessitated two main commitments by postcolonial governments that would have far reaching implications for the land tenure system of the region. Both commitments in essence meant that the disruptions and reversals of the land market development processes initiated by the colonial regimes were to be perpetuated together with their adverse consequences.

First was the retention and expansion of the statutory controls inherited by the colonial administration which subjected land transactions to a number of

bureaucratic approvals, permissions, consents, regimentations and registrations (Brobbey, 1991; Hatch Associates, 2002). This provided a measure by which postcolonial governments maintained constant control over the growth and expansion of the market to ensure that the state at all times outpaced the market in the development arena. The second commitment was the consolidation of government's grips on the large reservoirs of colonial public land holdings bequeathed to the new postcolonial governments (Meek, 1949; Bruce, 1986; Shipton, 1987; Platteau, 1992; Platteau, 1996; Payne, 1997; Quan, 1997; Antwi, 2000; Toulmin & Quan, 2000; Quan, 2000; Platteau, 2000; McAuslan, 2000; Delville, 2000; Okoth-Ogendo, 2000; Cousins, 2000; Palmer, 2000). This was followed with the adoption of the ideology and practice of gaining free or cheap access to land through compulsory land expropriation or nationalisation to support what some have described as "propaganda projects" (see for instance Quan, 2000).

The result was that in countries as Senegal for instance the State administered property law of 1964 (*Domain National*) retained the principle of state ownership of all unregistered land introduced by the colonial administration. In Tanzania following the colonial land policy, Land Ordinance 1923, which vested all unoccupied lands in the governor, the immediate postcolonial administration in 1962 expanded the domain of this policy to cover all lands in the country. In Uganda, the Land Reform Decree of 1975 sought to convert all land rights in Uganda into public land (Okoth-Ogendo, 2000). The situation is no different in Kenya where lands are still held by statutory trustees rather than directly by indigenous owners (Okoth-Ogendo, 2000). In Nigeria where the colonial government failed to nationalise vacant lands, the postcolonial administration passed the Land Use Act of 1975 to nationalise all lands in the country. In other countries where land has not been unequivocally nationalised by postcolonial administrations such as Ghana, eminent domain policies and extensive statutory controls have been enacted to give government the power to freely acquire or vest lands in the government for all manner of purposes (see Chapter 4 for details on Ghana).

Following these commitments thus, it emerged that by the 1980s half of the countries of sub-Saharan Africa had nationalised lands and extinguished private

property rights all together (Mabongunje, 1992; Gough & Yankson, 2001). In these countries, to date, private property rights guaranteed by the indigenous tenure system remained largely abolished in favour of the state and the tenure evolutionary process completed atrophied. But these came at costs which laid largely in the socialisation of the economy with the proliferation of bureaucratic controls.

By acquiring the authority to distribute land from the centre, the state accordingly acquired the power to discriminate between "particular needs of different people and allowing one man to do what another must be prevented from doing" (Hayek, 1944, p.82). Since the distribution of land is a physical representation of wealth distribution, this arrangement meant that government had overwhelming influence over wealth distribution in these countries. It implies that in 50-percent of sub-Saharan African countries only beneficiaries of state lands could bring their land resources and industry into competition to generate further wealth and improve their welfare. Wealth from land is thus likely, under this regime of policy reforms, to circulate largely within this defined group of beneficiaries of state allocations. In selecting these beneficiaries, it is the state bureaucratic machinery that decides who among the range of potential users must be given the opportunity to make such use of the land by employing rationing almost at will (Okoth-Ogendo, 2000). Given that public officials in charge are, like all rational economic agents, self interested persons subject to enticements, bribery and corruption (Pigou, 1962) it is unsurprising that they have not maintained entire impartiality in their selection of beneficiaries of state land allocations so far across sub Saharan Africa (see for example Quan, 1997; Antwi, 2000; Toulmin & Quan, 2000; Quan, 2000; Delville, 2000; Okoth-Ogendo, 2000; Palmer, 2000).

Thus it will be, for most of these countries, only the few who are able to make the required investment in lobbying and competitive bribing that, most likely, will benefit from these state allocations. In any society it is mostly the already wealthy, politically powerful and influential who are able to make such investments. The result is that land is allocated to the wealthy few and circulates within them creating a lopsided distribution of land resources and wealth in African societies. Thus apart from the disruptive effects this regime of policies furthered on the land

tenure development process, it promoted a situation in which economic growth is driven by only a few. These few are also the beneficiaries of the gains from economic growth leaving a large proportion of the population in poverty with lost opportunities.

For sustainable and meaningful growth to occur this pattern has to be reversed. This was widely acknowledged by the major players in the land reform debate, led by the World Bank. This recognition prompted the promulgation of the third generation land policies in sub-Saharan Africa, the structural reform policies as corrective measures.

2.6.3 The Third Generation Land Policies

The 1980s was an era of structural adjustments, which reflected in the promulgation of third generation land reform policies in Africa. By the early 1970s the big push development approach adopted by the immediate postcolonial administrations in sub-Saharan Africa had combined unfavourably with the general international economic instability and rapid succession of global economic shocks to produce results that diverge starkly from satisfactory outcomes (see Dixon, Simon et al., 1995). These economic failures were blamed on the legacy of deep-seated structural imbalances including poorly developed markets (World Bank, 1988) such as the land and real estate markets. The World Bank and the International Monetary Fund (IMF) together with other bilateral donor agencies prescribed structural adjustments programmes and lending to facilitate the restructuring process (Cleary, 1989).

The structural adjustment programs were in essence aimed at, as Wardham (1989 ,p.210) summarizes (1) getting prices right; (2) letting markets work, (3) reforming public institutions, (4) tight fiscal controls and financial discipline (Slater, 1993), (5) mobilization of domestic resources; (6) policy reforms to increase efficiency; (7) generation of foreign exchange earnings from non-traditional sources; and (8) the establishment of a non inflationary role of the state (Dixon *et al*,1995) and (9) to overcome "the asserted shortcomings of indigenous tenure" (Bruce, 1987, 35). For details see World Bank (1981; 1989b). Yet by this time economists, policy makers and international development agents had shied away from land matters in sub-

Saharan Africa leaving the field almost exclusively to historians, lawyers and anthropologists (see Asiama, 1980; Platteau, 1992).

McAuslan (1985) argues in reference to the developing world in particular that land tenure is a subject fraught with potential minefields and therefore governments have tended to shy away from trying to exert control over the process. Mattingly (1993, p.102) also confirmed that "in undertaking interventions which urban management demands, most developing countries' governments have had little regard for urban land markets" (Mattingly, 1993). Even as recent as March 2005, a report by the UK's Commission on Africa, remarked "Land reform is an intensely political issue in Africa and many donor countries have pulled back from addressing it in recent decades" (Our Common Interest, 2005, p. 46).

However, in the light of the structural adjustment programs, the World Bank exceptionally conceded, "improving land tenure/land use is priority adjustment required in the economy of many of [World Bank] ... borrower countries where the agricultural sector is predominant" (Falloux, 1987). Thus the Bank led a structural adjustment land policy campaign and approved between July 1987 and June 1999 a total of 156 land related projects, forty six (46) of which were in Sub-Saharan Africa (Byamugisha and Zakout, 2000). The 1975 "Land Reform Policy Paper," of the World Bank published ahead of the disbursement of the structural adjustment loans in 1980 provided a blue print land policy reform framework that was compatible with the tenets of the structural adjustment program. Mainly the policy promoted almost exclusively the (1) desirability of smallholder agriculture from an equity and efficiency perspective and (2) the desire to facilitate efficiency-enhancing transfers of land to better users through commerce facilitated by land reform (Deininger and Binswanger, 1998).

This is not without theoretical basis from the 19th century theory of inverse relationship between farm size and productivity (Platteau, 1992). This theory suggests a relative level of efficiency of farm production by large numbers of small producers than for small numbers of large farm sizes. This theory is also compatible with the World Bank's agenda under the structural adjustment program for export-oriented agriculture to service the debts of these countries and

improve their current accounts. Rather oddly, the central thesis of this policy framework was predicated on the structural land tenure theory and concludes that land tenure systems in sub-Saharan Africa are impediments to individualization of land rights and hence the creation of markets in land (World Bank, 1975, p.18; Deininger and Binswanger, 1998). Clearly the policy turned a blind eye on the evolutionary processes that had commenced over a century ago and this omission later became the undoing of the policy framework.

The policy document proposed a conversion of the so perceived communal tenure system to a form "that would allow land to be dealt with as a commodity" (Bruce, 1987, p.35) in order to improve land productivity and broaden the distribution of benefits (World Bank, 1975). In plain words, the goal was to promote the creation of private ownership using cadastral surveys, registration of titles and similar tools. The two main variants of land reform policies suggested under this rubric are: (1) land reforms that seek to individualise landholdings and (2) land reforms that seek to nationalise landholdings to enable the state, the radical owner, to redistribute the land to individuals or groups of individuals (Bruce, 1987; Dickerman, 1987; Okoth-Ogendo, 1998; 2000). This it was hoped would clarify rights and make them more secure, ensure egalitarian land ownership patterns, facilitate access to credit, stimulate investment in agriculture (Delville, Ouedraogo et al., 2002), curb landlessness and contribute to flourishing land markets (Deininger and Binswanger, 1998). This private ownership was regarded "fundamental aspects of the market economy and common in most Western countries" (World Bank, 1975, p.11).

That said, it is worth mentioning that many studies (Ravallion and Binayak, 1994; Besley and Burgess, 1998) have indeed found landlessness, landownership inequalities and absence of individualised rights to go hand in hand with poverty particularly in some rural areas of the developing world. These studies argue essentially that landlessness undermines the capacity of landless actors to access credit using real estate as collateral. Such actors thus rely on their generally meagre incomes to survive and thus unable to make substantial, bulk and long-term investments. This situation consequently makes it difficult, even impossible for landless people to escape the poverty trap (Galore and Zeira, 1993). Besides, a

clear relationship has also been found to exist between equal distribution of landholdings and other assets, and higher levels of economic growth (Quan, 2000 ,p. 40). For instance, Tyler et al (1993) investigated the impacts of reduction of land concentration on economic growth and poverty. Data from 21 developing countries were analysed in this study. The results indicate that growth in agriculture can cut poverty by 50% in 60 years but a 30% reduction in land concentration combined with the same level of growth could achieve the same results in just 15 years. Alesina and Rodrik (1994) also studied the relationship between equality in landownership and income on one hand and economic growth on the other using the gini coefficient. The results show that a one standard deviation increase in equality in land ownership and income increases growth by more than one percentage point. Further, Deininger and Squire (1996) and Li et al (1998) studied the disincentive impacts of income inequality on one hand and asset inequality on the other on economic growth. The results reinforce the fact that asset inequalities have impacts that are more profound on subsequent growth than income inequalities.

True as these results are, there are clear dangers in reaching the goals of individualized land rights hurriedly. The problems are, the system of private ownership in the western world, which is intended to be cobbled onto the land markets of sub-Saharan Africa, was not created by force of law as this generation of land reforms sought to do. They evolved in response to fundamental economic changes and Buell (1965, p.750) could observe, whiles "the western world worked out its own destiny, unimpeded by an impatient taskmaster from without....the people of Africa however do not have the same opportunity". Seeking to create such rights forcibly in sub-Saharan Africa is unlikely to yield the same premium as those of the western world as their informing processes are different. The reason is that because private rights emerge in response to economic factors they must at all times be preceded by these economic factors. Unless these economic preconditions are equally contrived, forcibly created private rights are bound to lack the requisite economic environment to thrive. Unfortunately, these economic preconditions cannot be contrived easily and hurriedly given the scale of resources and

information required to contrive them. This alone makes the forceful creation of private rights in land inevitably unsustainable.

A prime justification for the contrivance of these rights is that once they are in place the necessary economic order will evolve rapidly to support them. For instance it is argued that once private rights are created credit supply will emerge to meet expected growing demand for credit (see further Platteau, 2000). But the empirical evidence does not support this assertion. Evidence from Kenya where the earliest instance of force individualization occurred in Africa for instance shows that the poor tend to perceive a high risk of losing their land through foreclosure and hence are reluctant to use their property as collateral (Shipton, 1987; Platteau, 2000). This constitutes significant demand failure. Conversely, credit supply depends on a large plethora of factors of which individualised rights is only one. These factors include the performance of the land and real estate markets, available alternative investment opportunities, political stability, political interferences in the credit institution's decision-making processes and the level of competition in the banking and credit sector. In addition to these factors are, the nature of the financial regulatory regime, the credibility of the judicial system, the costs of foreclosure, the level of social stigma attached to foreclose properties, the willingness of people to purchase foreclosed properties, and the risk taking character of the credit organization. Many of these factors are not dependent on private rights and thus cannot be expected to be brought forth favourably by the creation of private rights. Thus until these other factors are already favourable it is unlikely that a credit market will emerge simply because titles have been individualised. Besides, lessons from the western world show that banks are now readily lending money increasingly on the basis of regularity of income. So, private property rights may no longer be even the prime collateral as conventionally presumed. Perhaps the availability of alternative means of regular income could more easily and conveniently be the basis for access to credit for the poor in Africa rather than making them simply "landfull". These major supply weaknesses place considerable doubts on the potential for individualised titles alone to promote the development of land markets, growth and poverty reduction.

Their creation can not thus be said to be supportive of the tenure development process.

Better still, other studies point to the fact that land holdings in sub-Saharan Africa are relatively equitable under indigenous tenure (Quan, 2000). Much of the reported cases of land concentration in sub-Saharan Africa stemmed from government interventions (Bruce, 1987) or ethnic conflicts and conquests as in Rwanda, Nigeria and some areas of Kenya (Bruce, 1987; Dickerman, 1987; Shipton, 1987). Nevertheless, Quan (2000) has lately noted "there is no clear correlation between the development of land markets and increasing concentration of land in few hands". On the contrary evidence abounds in countries like Kenya and parts of Uganda that land distribution has indeed become more equitable with the establishment of land markets (Quan, 2000). In another vein Migot-Adholla et al (1991) employed a cross sectional data from Ghana, Kenya, and Rwanda in 1987-88 to explore whether indigenous land rights systems in Sub-Saharan Africa are a constraint on productivity as claimed under the World Bank blue print policy. The study shows that very little empirical support exists for this view. Actually Bruce and Migot-Adholla (1994) shows that the main purpose for people, particularly farmers seeking formal title was generally to protect themselves and their investments from threats from the state (Sjaastad & Bromley, 1997, p.549).

On the question of subdividing and distributing government land holdings as proposed under the policy, the reality is that much of these lands were already in the hands of European settler farmers particularly in Southern and Eastern Africa and hence do not lend themselves to easy subdivision. The only way to break up such holdings into smaller holdings is for government to reacquire all those lands for redistribution or employ force to evict these beneficiaries as is happening in Zimbabwe both of which have proved more problematic than aforethought. The additional expropriations by postcolonial administration proved even more difficult to revert to customary holders. The vesting policies of Ghana and the Land Use Acts of Nigeria are good instances of this.

Clearly because this policy framework cuts adrift from the peculiar legitimate role of land reform policies (see supra) it ended up worsening the already policy induced distorted land tenure situation.

2.6.4 The Fourth Generation Land Policies

So far no policy regime has given the indigenous tenure system the chance to evolve; it has either been disrupted or reversed. This recognition has prompted a campaign from the 1990s to allow the indigenous system to gradually flourish on its own with non-intrusive support from government. The current prime ideology is that "rather than trying to replace local land-tenure systems with a "modern system of registration and title of ownership" local rights are to be recognised and controls of land handed back "to local communities" (Delville, Ouedraogo et al., 2002). This new policy thinking has led to widespread enactments of new national policies and legislation in many African nations (IIED, 1999; Alden Wily, 2000; 2003). The source of this fourth generation policy ideology is the reawakening to the fact that indigenous tenure offer a more cost effective solution to land market problems than freehold titles and subdivisions (Deininger and Binswanger, 1998). Potentially this new regime of policy represents the very first attempt after more than a century of disruption to give the indigenous tenure system opportunity to flourish and to confine government to its legitimate roles (Deininger, 2003).

But this should never be perceived as easy to achieve in reality. Indeed there is every reason to urge caution not to repost too much confidence in the indigenous tenure system than it could actually deliver particularly when they have seen such material transformations through the long contact with formal policies. There is in fact the need to subject these new liberal policies to comprehensive ex-ante evaluation to ascertain their potential impacts in particular tenure context before implementation. This will prevent a situation where faults will only be detected several years after their implementation as has happened to their predecessor policy reforms.

Even so, the success of this new wave of policy thinking depends on the resolve of national governments to undo the ills of all the three past land reforms. Government acquired lands for which compensation had not been paid has to be

returned to the rightful indigenous owners or due compensation paid for them. Else, this new policy thinking will lack real merits in countries as South Africa where as much as 87 percent of lands are currently held by the government. This means that in South Africa, under the current land holding arrangement this current liberal policy ethos can only realise a maximum of 13 percent of its potential impacts.

Again, if the goal is to legitimise indigenous tenure forms then the focus must be on legitimising the rights of customary freeholders and their assigns whiles confining Chiefs also like the government to their administrative functions under applicable customary laws. In other words, the right to transfer the customary freehold must be legitimised as the exclusive rights of the customary freeholders not the Chiefs. The Chiefs must be prevented from unduly intermeddling with these rights. Both the releasing of government land and the de-vesting of Chiefs of their land allocation powers are clearly difficult impediments to remove, particularly as they struck at the core of the economic interest of the powerful, wealthy and influential. Surely, without any superior incentives there is very little reason to expect this to be accomplished. Then again to keep the indigenous tenure flourishing as expected, there is the need for a general macroeconomic stability as well as sensible and sound policies to provide the necessary preconditions for responsive evolutionary processes. However, with government still in possession of a large fragment of land holdings, particularly in countries where lands have been nationalised, widespread poor macroeconomic environments and Chiefs still in control over customary rights there is no denying the fact that, gains from these liberal policies are likely to remain greatly restricted.

2.6.5 Policy Outcomes and Deficiencies in Past Studies

For the reason that urban real estate policies are key to economic development of sub-Saharan Africa, the consequences of these policies have been extensively explored by researchers from academia (Asiama, 1980; 1984; 1990; Antwi, 1995; 1996; 1998; 2000; 2003), the international donor community (Bruce, 1986; Bruce & Migot-Adholla, 1994; Hatch Associates, 2002) and policy practitioners (Larbi, 1994). A number of outcomes of these policies have been pointed to in the literature. For instance the argument that land title and registration would

facilitate the development and economic efficiency of land markets is corroborated by many studies.

Some studies have explored the linkages between titling and access to credit. Wai (1957), Dornor & Saliba (1981) and Feder et al (1988) found for instance strong correlation between land titling and access to credit. Others have looked at the absence of secured title and productivity and investment. Mosher (1966) for instance found that tenure security is an important source of low productivity in agriculture. Yet again, Salas et al (1970) also discovered a positive correlation between degree of ownership security and farm investment per unit of land. The link between titling and land values has also been looked at in the urban context. Jimenez (1984) for instance studied the impacts of titled urban housing and untitled urban housing in the city of Davao, the Philippines, using a sample of 3344 households and found the value of titled houses to be 58% higher than untitled otherwise identical units. Some have found negative impacts of titling and registration in the developing world context. For instance Bruce (1988) establishes that in many African countries the most detrimental equity implications of titling programmes came about not through the operations of the land market but through land grabbing by influential individuals during the titling process. This means that formal title has often caused rather a great deal of insecurity.

With regard to land expropriation or nationalization, some studies have found serious injustices meted out by these genre of policies with rights-holders in some cases losing access to vital resources, without compensation, sometimes to the benefit of other "social groups or urban elite" (Delville, Ouedraogo et al., 2002). There is ample evidence to show that in allocating or distributing such government landholdings the poor, vulnerable and marginalised have often been discriminated against in the interest of the politically influential, powerful and the rich (Brobbey, 1991; Larbi, 1994; Platteau, 1996; Deininger and Binswanger, 1999; Antwi, 2000; Toulmin & Quan, 2000; Kasanga, 2002). Njoh (1985) for instance in an investigation of the rationale for land law reform as well as their implications for different societal groups in Cameroon established that policies such as land nationalisation are always skewed in favour of political and bureaucratic elites, entrepreneurs and the salaried at the expense of women in the informal sector,

ethnic minorities and the poor. Thus in Cameroon this has accentuated socio-economic inequities in the country (Njoh, 1998). Amanor (1998 p. 2) in a study of Structural Adjustment Programs and the changing political economy of land in West Africa discovered also that such policies have been "widely abused by the state organs to appropriate land for bureaucratic elites and their close business associates". Other studies have also concluded that the overriding objective of contemporary land redistribution policies is political and the economic considerations are often given less weight (Quan, 2000).

Despite the increased interest in the economic implications of real estate policies in recent times, it is surprising that so little quantitative research has actually been conducted on the subject. This is not to presume that no quantitative assessment of the full economic impacts of these policies in sub-Saharan Africa has ever been undertaken. The literature hints in fact that the direct costs of these policies to the respective governments are not trivial. Toulmin and Quan (2000) for instance, found that in South Africa the annual costs of setting up and running the institution required by the Draft Land Bill is estimated at US$ 30 million. In Uganda, estimates of the program envisaged by the Land Bill came to US $400 million. In Ghana, a Land Administration Project, currently underway, sponsored by the World Bank, DFID and other multilateral donor and credit agencies are estimated to cost US $55 million. These evidences of the direct costs to government could be just tips of a huge iceberg. A whole range of indirect costs associated with, for instance, misallocation of financial resources in the enforcement of these policies and programs, rent seeking waste and loss of opportunities to market participants remain unevaluated. So also are the direct and indirect costs that market participants will have to incur in complying with these programs and policies.

Also while it is established that existing urban land and real estate policies in the region are contributing to reduced efficiency with negative equity implications (Brandao & Feder, 1995; Wily and Hammond, 2001) the real costs of these effects are unknown. What is known at the moment is that these policies are imposing very high and unrealistic compliance standards and requirements on market participants (Larbi, *et a,* 2003) resulting in high transaction costs (Antwi, 2000) and

lost opportunities say when market participants fail to or are unable to bear the costs of compliance with these policies.

The recent quantitative study of urban land markets in sub-Saharan Africa by Antwi (2000) has produced an authoritative account of the legal impediments, and economic waste that existing sub-Saharan African urban real estate policies are imposing on customary landowners and market participants. De Soto (2000) has also estimated the total value of real estate held but not legally owned by the poor of the Third World and former communists nations to be at least US$9.3 trillion. This figure, it was intimated, is about ninety- three times as much as all development assistance from all advanced countries to the Third World in the past three decades (De Soto, 2000, p.35). Yet, the true costs of these phenomena in sub-Saharan Africa per se remain unevaluated and unknown. Even more so the deeper costs they bring on individuals in these societies (Hammond, 2004). It will however be too simplistic to presume that the mere existence of extra costs to be met in land and real estate transaction by virtue of state policies necessarily make such policies economically unwise. It is only when these costs fall short of the benefits they bring that judgment of failure can be passed on such policies.

Then again, although the costs of these policies appear very high their economic benefits alike remain largely unevaluated and unknown (Kasanga 2002). In practice, policy makers in the region are often lulled into a state of false confidence by the assumption of full cost recovery, poverty alleviation and economic growth through improved land tenure security and the establishment of an efficient land market (Mattingly, 1993; Hatch, 2001). Whether these benefits, which have formed the basis of huge investments in government policy interventions, are tangible, requires quantitative assessment. If these benefits were not to occur then it would bring into serious questioning the very need for the direct and indirect costs incurred on account of these policies and beg a further question whether these public and private funds could not have been put to better uses. This is even more critical in the light of the realisation that policies change the incentive structures of market participants and have overarching influence on the behavioural patterns of economic agents as regards the productive allocation and use of land resources, which will inexorably reflect in social welfare and economic growth (North, 1997;

Williamson, 1996). Consequently, when costs of these policies outweigh the benefits, they are likely to induce behavioural patterns that may undermine economic growth and poverty reduction. It is to bridge these gaps that this study is designed.

2.7 SUMMARY

The chapter commence with an examination of the growing urbanisation trends in sub-Saharan Africa. This was followed with a review of the place of land tenure in the development dialogue in Africa. The state of the real estate market of Africa was also reviewed in the light of the growing divergent views on the nature of the land tenure system in Africa. The chapter reviewed as well the policy instruments so far installed to deal with perceived problems of the tenure system. Yet the literature remains devoid of the quantitative evidence of their impacts. This thesis is an attempt at bridging this gap. The theoretical framework within which this thesis is driven is provided in Chapter 3.

Chapter 3

The Theoretical Perspective

3.1 INTRODUCTION

Chapters 1 and 2 have established that full liberal and unregulated real estate markets are no longer in existence in sub-Saharan Africa. In particular Chapter 2 establishes that the existing body of research attests to inadequate understanding of the full repercussions or economic impacts of these existing urban real estate policies in the sub-Saharan Africa region, objectively ascertained. What is commonplace in the literature is the growing malaise and dissatisfaction with existing policy frames in sub-Saharan Africa among researchers, international development agencies and policy experts. Even so, little universally acceptable conceptual work appears to exist within which the economic impacts of urban real estate policies in sub-Saharan Africa can be more systematically and consistently analysed with implications for reforms rationally derived.

Without underpinning real estate research with a consistent set of robust and appropriately testable theory or conceptual works, it is unimaginable how deeper insights into the full economic implications of existing policies can be acquired. It is only when the evaluation of these policies are driven within such conceptual works that meaningful headways can be made in knowing the true economic consequences of existing policies and to come to a decision on the need for their expansion or contraction. A prerequisite for such a conceptual framework is its aptness in providing an appropriate model within which rational human behaviours and desirability of real estate policies can be appraised. In providing such a conceptual framework, the Coase Theorem is deemed a most useful prototype in view of its strength to offer a testable theoretical perspective from which greater insights into the economic impacts of current urban real estate policies in sub-Saharan Africa can be gained. The Coase theorem derives from the price theory.

3.2 APPLICATION OF PRICE THEORY TO URBAN REAL ESTATES

The basis of economic theory is that commercial transactions are the prime drivers of economic growth such that the more frequently transactions take place the higher the potential for economic growth. The duty of the price system in urban real estate markets as in other markets is thus to facilitate transactions using price signals and in the end allocate real estate resources among the various competing uses and actors using property pricing as the main instrument of resource allocation (Balchin and Kieve, 1977; Balchin, Bull et al., 1995). Urban real estate markets are thus efficient if they perform these functions aptly.

The price system deploys the ideas of spontaneous forces, competition, liberties and rational human behaviours to promote efficiency in resource allocation, reserving a limited role for the state on occasions when the free interplay of spontaneous forces are likely to lead to harmful or undesirable consequences (Friedman, 2002). While in essence, the price system had remained the main trunk of economic thought since ancient and medieval times (Dobb, 1963; Marx, 1964; Cameron, 1989; Blaung, 1997; Parsons, 2001) it was in the work of Adam Smith in 1776 that the theory was first more coherently outlined. Following insights from Smith (1776) the remit of the theory has now practically widened making it even more apt for comprehending the ends to which government interventions in any economic field should be directed (Hayek, 1944; Coase, 1960; Pigou, 1962; Buchanan and Tullock, 1962; Mill, 1968; Keynes, 1968; Hartley and Tisdell, 1981; Friedman, 2002).

The price system works on the thesis that everywhere, improvements in welfare and livelihoods are contingent on the efficiency with which scarce economic resources of society are allocated (Simon, 1979; Pejovich, 1997). It is imperative, to ensure economic growth, thus, for every society to possess the means by which its scarce resources can be most efficiently allocated. The real estate sector is one such sector where efficiency in the allocation of real estate related resources is critical to economic growth and a decent standard of living (Brandao & Feder, 1995). The collapse of socialism both in ideas and in application (Buchanan, 1995) has precipitated an emergent consensus among economists that the price system offers the best potential for resources allocation in all economic fields (Smith, 1776;

Pigou, 1962; Coase, 1966; Tisdell, 1974; Arrow, 1985; Feiwel, 1985; Pejovich, 1990; Connolly and Munro, 1999; Friedman, 2002). With reference to the real estate field the price system comprises all the opportunities of exchanging real estate interest for money which are known by all participants in the market situation to be available to them and relevant in orienting their attitudes to prices and to competition (Weber, 1964 p.173).

Like any other market, the price system in the real estate field operates in response to the interplay of the forces of demand and supply (Farvacque and MacAuslan, 1992) to govern the exchange of real property rights. The price system is fairly active throughout Africa (see Chapter 1) and comprise the buying and selling of freeholds, leaseholds, rentals, pledging of property for credit, mortgaging land pooling and other arrangements between individuals, private companies and public institutions (Quan, 2000). The price system works on the assumption that the free interplay of spontaneous economic forces could lead invariably to the full employment and efficient utilization and distribution of resources thereby promoting the public interest better than any other means (Smith, 1776).

Though what constitutes an efficient allocation of resources may be fraught with uncertainties and debate, economist largely agree that an efficient allocation of resources turns ultimately on whether particular resources are put to the use, that of all the feasible uses, offer the most benefit to society (Harberger, 1959; Leftwich, 1973; Balchin & Kieve, 1977; Hallett, 1979; Arrow, 1985; Harvey, 1987). This connotes the idea that an allocation of a resource is regarded efficient, if the worth (benefits) of the alternative uses forgone at all times fall below the benefits derived from the selected allocation (Coase, 1972, p.313). For example, land employed in the production of housing is efficiently allocated if the worth of the foregone uses say agriculture falls below that of housing. Economists usually adopt the Pareto criteria as a standard economic yardstick for measuring the allocation of resources in any particular society. As applied to real estate, the Pareto criterion posits an allocation of real estate resource to be efficient if it improves the welfare of at least one person in society without making another person worse off. By this index, an allocation of real estate resource is optimal if beyond what has been accomplished it is no longer possible to improve the welfare of any individual in society (in his

personal view) without making another person in the society worse off (in his personal view) (Tisdell, 1974; Connolly & Munro, 1999). Thus if by providing housing for one person in societies another person is made homeless or deprived health services then Pareto efficiency is not attained.

Even so, the true state of a person's welfare is a subjective question. No one else apart from the particular individuals concerned can adequately tell by how much their welfare has been improved by virtue of particular allocation of real estate resource (Hayek, 1944). Thus it is only when the individual or individuals in particular societies agree that their welfare has been improved or been made worse off by a particular real estate resource allocation or decisions that one can pass judgment on the efficiency of the allocation. The importance of individual decisions concerning real estate can therefore not be overemphasised in the quests to understand the impacts government intervention that regulate or enfeeble such individual choices.

That said, what better way can there be to truly improve the welfare of individuals in any society than to equip them, remove all impediments and restrictions on their path and to allow them to select from a range of options the real estate resource allocation that in their own judgement will better improve their well being. The price theory contends, because humans are essentially rational and mostly influenced in their decisions and actions by their innate inclination to better their welfare rather than diminish them, when given the opportunity are likely to choose the option that offer them the best utility rather than those that in their judgment will give them pain and displeasure and hence make them worse off (Smith, 1776; Jevon, 1856; Arrow, 1985).

If well equipped and unrestrained when real estate market participants are confronted with such opportunity, they are likely to make such exchanges of their possessions (money or real property) that will be most beneficial to them. They are likely to desist or discontinue with particular exchanges they anticipate will most likely make them worse off. It is thus rational according to the price theory to expect real estate purchasers to pay just as much for a property as they perceive its

worth. Price thus serves as an index of the worth of a property to both the purchaser and the seller.

The price that a purchaser offers for a property however is a composite figure implicit in it is the prices of all the important attributes that contributes to the perceived aggregate utility that it offers (Balchin & Kieve, 1977; Hallett, 1979; Harvey, 1987; Antwi, 1998). The utility that particular real estates offers vary according to the variations in location, size, materials of construction and workmanship among others (Von Thunen, 1826; Isard, 1956; Beckman, 1957; Alonso, 1964; Mutt, 1969; Mills, 1972; Balchin & Kieve, 1977; Hallett, 1979; Miyao, 1981; Harvey, 1987; Kivell, 1993). So also are their prices. Thus for an urban property with utility influencing attributes of say: (1) location (*LOC*), (2) Neighbourhood (*NEI*), (3) Taste and Preference of purchaser (*TAP*), (4) Price of comparable properties (*PCOMP*) (5) the income of the purchaser (*IOP*), (6) the expectations of purchaser regarding future income prospects from the property (*EXP*), and (7) subsisting property rights (*PPR*) among others, the price that purchasers are willing and able to pay (demand price) can be represented functionally as:

$$D_p = f(LOC, NEI, TAP, PCOMP, IOP, EXP, PPR...N) \quad [1]$$

In which D_p is the Demand Price.

Similarly, owners of real properties will normally sell their properties only at a price (supply price) equivalent to the value they place on the property (Coase, 1960; Buchanan & Tullock, 1962; Demsetz, 1967; Harberger, 1972; Hartley & Tisdell, 1981; Parsons, 2001; Harberger and Jenkins, 2002). Given that the factors that influence their decisions include: (1) the quantity of property available (*QAV*), (2) Cost of construction of property (*COC*), (3) Profit margin (*PM*), (4) Investment risk (*IR*) (5) Price of comparable properties (*POCP*) and, (6) subsisting property rights (*PPR*) among others, the supply price function can be represented as:

$$S_p = f(QAV, COC, PM, IR, POCP, PPR...N) \quad [2]$$

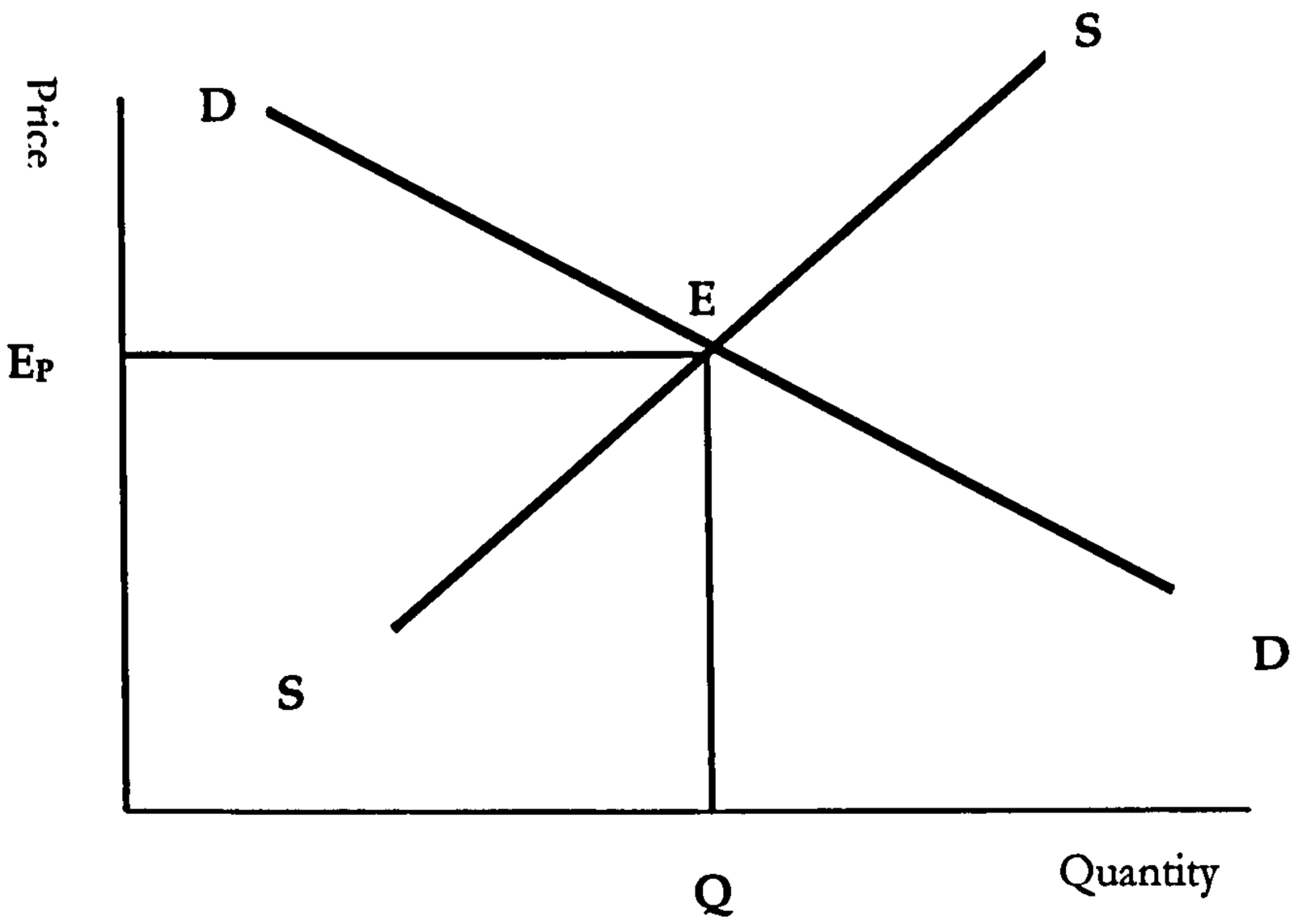
In which S_p represents the Supply Price

Ideally, equilibrium urban property prices E_p, the price at which real property resources are most efficiently allocated will be achieved through voluntary haggling they will eventually bring equation [1] in line with equation [2] (see Smith, 1776; Coase, 1937; 1960; Tisdell, 1974; Arrow, 1985; Friedman, 2002). That is, demand price will ultimately equal supply price in the ideal world.

$$E_p = D_p = S_p \qquad [3]$$

In which E_p is the equilibrium price. This is represented graphically in Figure 3-1 below. In the Figure take SS to be the aggregate supply function for particular type of real estate and *DD* as the demand function. The equilibrium or stationary price E_p will be established at the point where SS = DD and at that point the social optimum quantity (*Q*) of that particular property type will be produced and sold.

Figure 3-1: Basic Demand and Supply Dynamics



At this point, the highest value or usefulness of the property to purchasers becomes equivalent to the highest value that suppliers place on the property. This equilibrium price indicates the highest value that purchasers place on the property. If the sale is concluded at this price, it becomes an indicator of the value that both purchasers and sellers alike place on the property. That said, in many economic fields including the urban real estate field particularly in sub-Saharan Africa, the price system is vulnerable and highly susceptible to failure in many

respects. It is this shortcoming of the price system that has given rise to the need for government involvement in real estate resource allocation.

3.3 ECONOMIC RATIONALE FOR PUBLIC POLICY IN REAL ESTATE MARKETS

To begin with, the efficiency of the price system is contingent on an assumption of availability of full information equally accessible at no cost to all market participants (Friedman, 2002). As Simon (1957) however established, it is impossible in the real world for market participants to be in possession of perfect knowledge of all market events at the same time in view of the bounded rationality of the human mind as well as the costs differentials in procuring such information. Thus, market transactions are inexorably carried out with incomplete information thereby making it difficult for equilibrium prices to be accomplished. Moreover, in any market, there are often income disparities between transacting parties and market bids may tend to be driven more by income constraints than by utility (Arrow, 1985). Thus in such situation the person with a higher income position usually assumes a position of strength and power and can easily influence the outcome of market transaction to the detriment of other less resourced transacting parties thereby reducing the chances of achieving equilibrium prices. Moreover, people may own property rights for non-economic reasons and may simply be unwilling to trade those rights away due probably to the strong emotional and sentimental ties they may have with particular properties thereby withholding those properties from the market for non-economic reasons. Besides, the nature of institutional framework within which land and real estate is held may allow the exploitation of owners of property rights by certain privileged and influential actors. In sub-Saharan Africa for instance, traditional authorities owning land in trusteeship are spurred on by economic incentives to dispose of these lands at the expense of the beneficiaries who loose their lands and gain in most cases very little from the sale. This leads to social injustice and exacerbation of income inequities.

Even so, without a well-clarified and enforced property rights system, urban real estate markets cannot function effectively. This is essentially because by definition urban property rights sets the limits for the degree of freedom and liberty that a person has over particular property as well as the rules for trade (Davis and North,

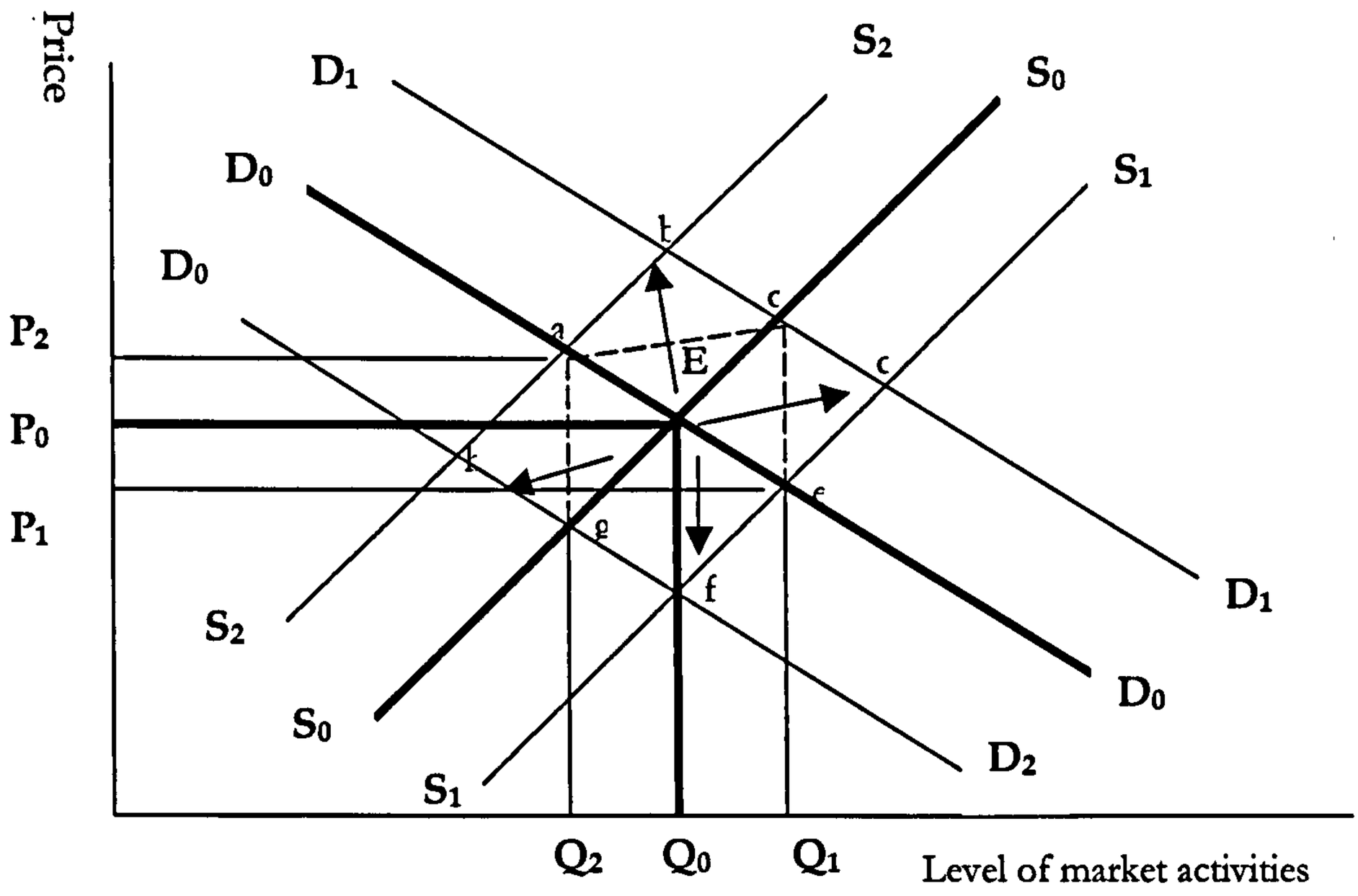
1971). They prescribe behavioural rules, constrain activities and shape expectations of market participants (Keohane, 1988). Property rights also "facilitate coordination among people by helping them form expectation which each person can reasonably hold in dealing with others" (Ruttan and Hayami, 1984). Urban real property rights thus offer property owners the incentive, opportunities and reward for productive use of urban land resources. However in sub-Saharan Africa, indeed the developing world in general property rights in land are mostly ill defined and ill-enforced (Feder & Feeney, 1991; Platteau, 1992; Brandao & Feder, 1995; Deininger, 2003) making the workings of the price system problematic. Finally, real estate markets like most markets when allowed to operate unrestrained tend to promote market monopoly, the production of negative externalities, the inadequate supply of public goods and the exacerbation of income inequities (Smith, 1776; Richardson, 1960; Pigou, 1962; Tisdell, 1974; Hartley & Tisdell, 1981; Williamson, 1986; Friedmann, 1987; Hodgson, 1988; Kivell, 1993; Sawyer, 1994; Denyer-Green, 1998; Connolly & Munro, 1999; Friedman, 2002).

The existence of these shortcomings of the price system has been conventionally adduced as justification for government intervention because their mere existence makes market competition, improbable, significantly restricted, practically impossible or harmful (Richardson, 1960). These shortcomings cause not only a failure in the establishment of equilibrium prices but in addition cause instability in real property prices. When this occurs the price system is unable to allocate resources efficiently in the Pareto sense with associated telling consequences. As exemplified instead of establishing equilibrium price P_D at point E, the existence of these elements of market failures ensure that either the demand prices or the supply prices or both constantly gravitate away from point E to such points as b, c, d, e, f, g or h in Figure 3-2.

If for instance the demand function D_0, is shifted to say D_1 while the supply function (S_0) remains unaffected the equilibrium position distorts to say c forcing the equilibrium price to move upward to P_2. The true magnitude of the distortion is indicated by P_0P_2 c M. accordingly, resource allocation efficiency is distorted that much. Conversely if the failure causes the demand function to shift leftwards of

the equilibrium to say D_2, a distortion equivalent to say P_0MeP_1 occurs. On the supply side, if the failure resulted in a shift in the supply curve from its equilibrium position S_0 to say S_1 with demand remaining unchanged; a shift in the equilibrium condition equivalent to say P_0MeP_1 occurs which will accordingly reduce the efficiency of resource allocation.

Figure 3-2 : Market distortions



Moreover, if the elements of market failure cause a shift in the supply curve to say S_2 a consequential distortion in resource allocation equivalent to say P_0P_2aM will ensue. In extreme situations, these elements could precipitate a shift in both the demand and supply functions at the same time and this could cause a shift in the equilibrium position to any point say b, d, f or h. It is worthy of note that this is a highly simplified version of what pertains in reality. In practice, these elements of market failure could result in hundreds and thousands of points of distortions in the equilibrium position for particular types of real estate commodities. The wider away these points of distortions from the equilibrium point (E) the higher the degree of inefficiency that is introduced into the allocation of resources. Microeconomic theory suggests that if such market distortions occur or there is

strong evidence to suggest that they are likely to occur, a means has to be found to either suppress them or eliminate them altogether by dealing with the shortcomings that are reproducing them. Such an improvement according to the Pareto criteria should improve the welfare of at least one person in the society without loss to any one else. To implement such a change or improvement, it may be necessary to conjecture that the net gainers from the improvement can at least compensate the net losers (Buchanan, 1995).

Conventional view based on (Pigou, 1962) perceives government interventions as the most rational potent and independent entity which is better positioned to deal with these problems. This view accordingly suggests that government interventions have the capacity to pull all instances of distortions to point E in **Figure 3-2** without making any one worse off or with the guarantee that the sum of gainers will exceed the sum of the losers. To the extent that government interventions are directed towards and are able to accomplish this objective, the interventions are considered economically worthwhile and it is only by such criteria that government policies in real estate market in sub-Saharan Africa can be considered worthwhile from microeconomic perspective. Successful government interventions must succeed in mopping up all existing deviation in the demand functions such as *abde* and *ahfe* respectively and that of the supply functions such as *cdfg* and *ghbc*. This will ensure that the aggregate demand and supply functions in these markets are pulled (see direction of arrows in **Figure 3-3**) permanently to coincide and stick with D_0 and S_0 respectively.

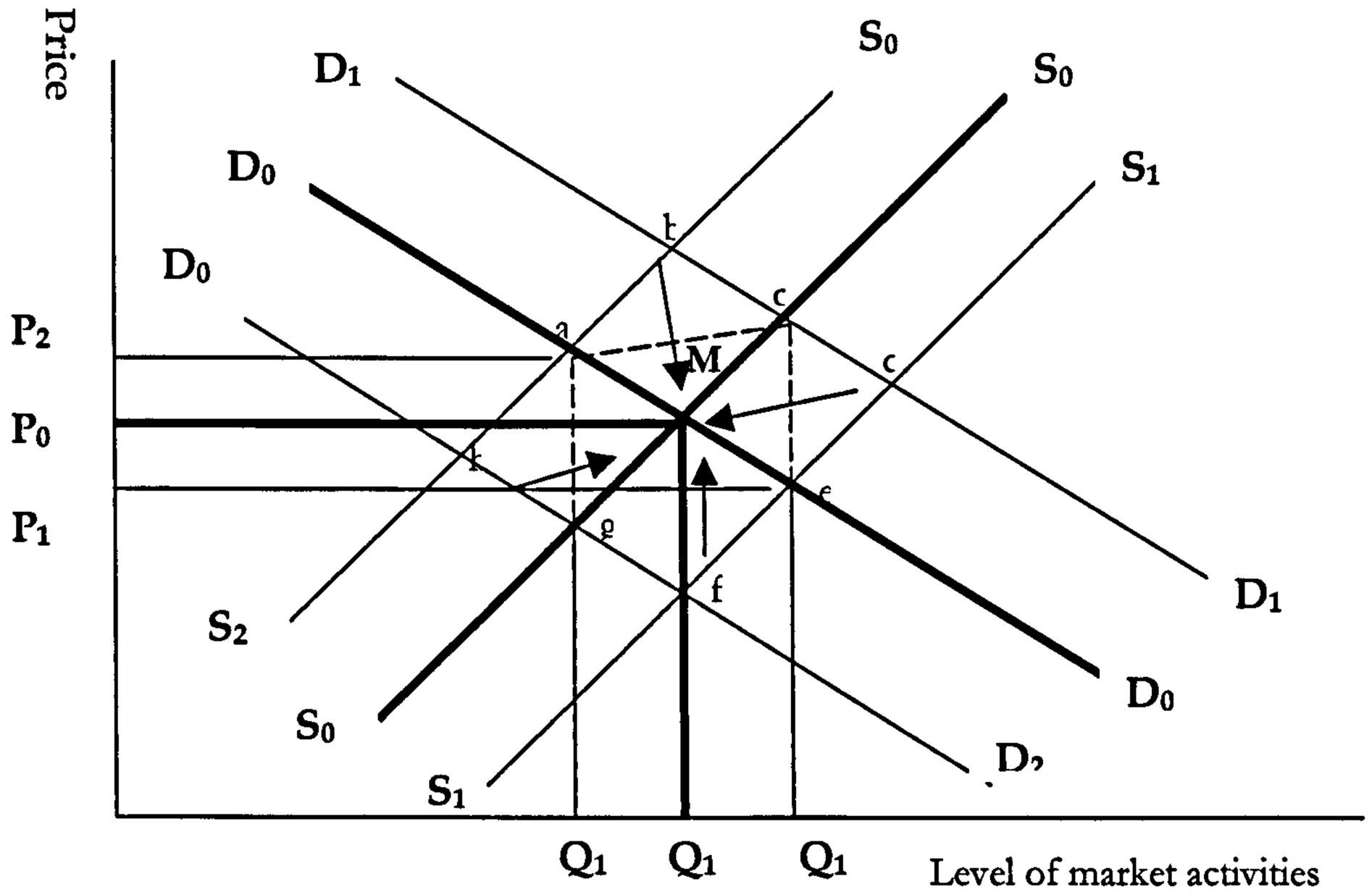
3.4 THE SHORTCOMINGS OF GOVERNMENT INTERVENTIONS

The design of appropriate government interventions can be problematic to the extent that on occasions it brings into serious questioning the very suitability of government interventions as the only option in correcting market failures (see for instance Coase, 1960). The manifold recorded instances of government failures in urban sub-Saharan Africa real estate markets, indeed the developing world (De Soto, 1989) bear evidence to this assertion. Brandao and Feder (1995, p.191) have in fact come to the conclusion that, "land market...regulatory constraints...significantly affect the operation of the market and equilibrium prices and sales, contribute to reduced efficiency and have negative equity implications".

Microeconomic theory provides insights into the practical events that undermine chances of securing optimal or appropriate government interventions in most economic fields.

Firstly, to be able to devise interventions that could induce a desirable shift in the points of market distortions there is the need for a vast amount of information (Simon, 1957). For instance in **Figure 3-3** (see the direction of the arrows) information on all occurrences of market distortions say points b, c, d, e, f, g or h, the precise location of these distortions in reference to the equilibrium position E, measured extents of the deviations from the equilibrium abde, cdfg, efha or ghbc, the elements of market failures at play and the avenues through which they distort the market.

Figure 3-3: The Essence of Government Interventions



The information requirements are vast and not easy to come by in practice. Moreover, the dynamism and spontaneity of human behaviour (Smith, 1776) imply that information in markets changes so frequently that they have a very short life span. To be most useful, when the right information is procured (if at all possible), it is argued (see Parsons, 2003), that the information needs to be quantitatively and thoughtfully analyzed in a way that would ensure that

predictions of desirable future events on markets can be accurately foretold and undesirable future events pre-empted. For all that has been written about market failure, the literature is still devoid of any positivists or post-positivists means of achieving this information and analysis. This is because in practice as Hayek (1944) and Simon (1957) points out it requires the mind of omniscience to be able to accomplish that and since governments are far from omniscience, there is very little reason to expect government policy experts to be able to devise rational policies to correct market failures in the Pareto sense.

Worse still, public choice scholarship (Buchanan and Tullock, 1962) has more forcefully confirmed in recent times that politicians who are the initiators and custodians of government interventions are often impatient in waiting for the rather long period of time required to gather sufficient information (even for what they are worth) for second best policy solutions to be devised (McNutt, 2002). Meanwhile public policies and government interventions emerge out of a complex decision making process in which the respective participants have different and often conflicting ideological orientation, interest and values. They thus often disagree with what may be causing particular market failures or what indeed the solution should be. They each influence policies in the direction of their ideological orientation, interest and value rather than towards the correction of market failure per se. Thus policies tend to be rarely value neutral, neither are they usually devised on pure economic considerations as expected of market failure oriented policies. Instead, they are often creations or instruments designed to meet particular interest or ideological ends (Buchanan and Tullock, 1962). When policies happen to be market failure focused, it may be because the most influential agenda setters in the policy process have rightly perceived market failure as an urgent problem for the government to tackle or mere coincidental. However, such occasions appear to be very rare in practice (Buchanan and Tullock, 1962). Thus, it is more likely to be the case that policies emerge to serve private interest rather than to address market failure.

It is now well known in microeconomic theory that policies designed to serve specific private interest or based on doubtful information rather than addressing market failure often end up concentrating benefits on a few while diffusing the

costs on the larger society (Wilson, 1972). This in effect leads to the divergence between the private and social costs thereby accumulating huge overall social costs than benefit. On this score, Coase (196o, p.118) argues, "direct government interventions will not necessarily give better results than leaving the problem to be solved by the market or firm". Pigou (1962, p.xix) went even further to state that:

> The mere failure of private industry, when left free from public interference to maximise the national dividend does not of itself warrant interventions; for this might make things worse.

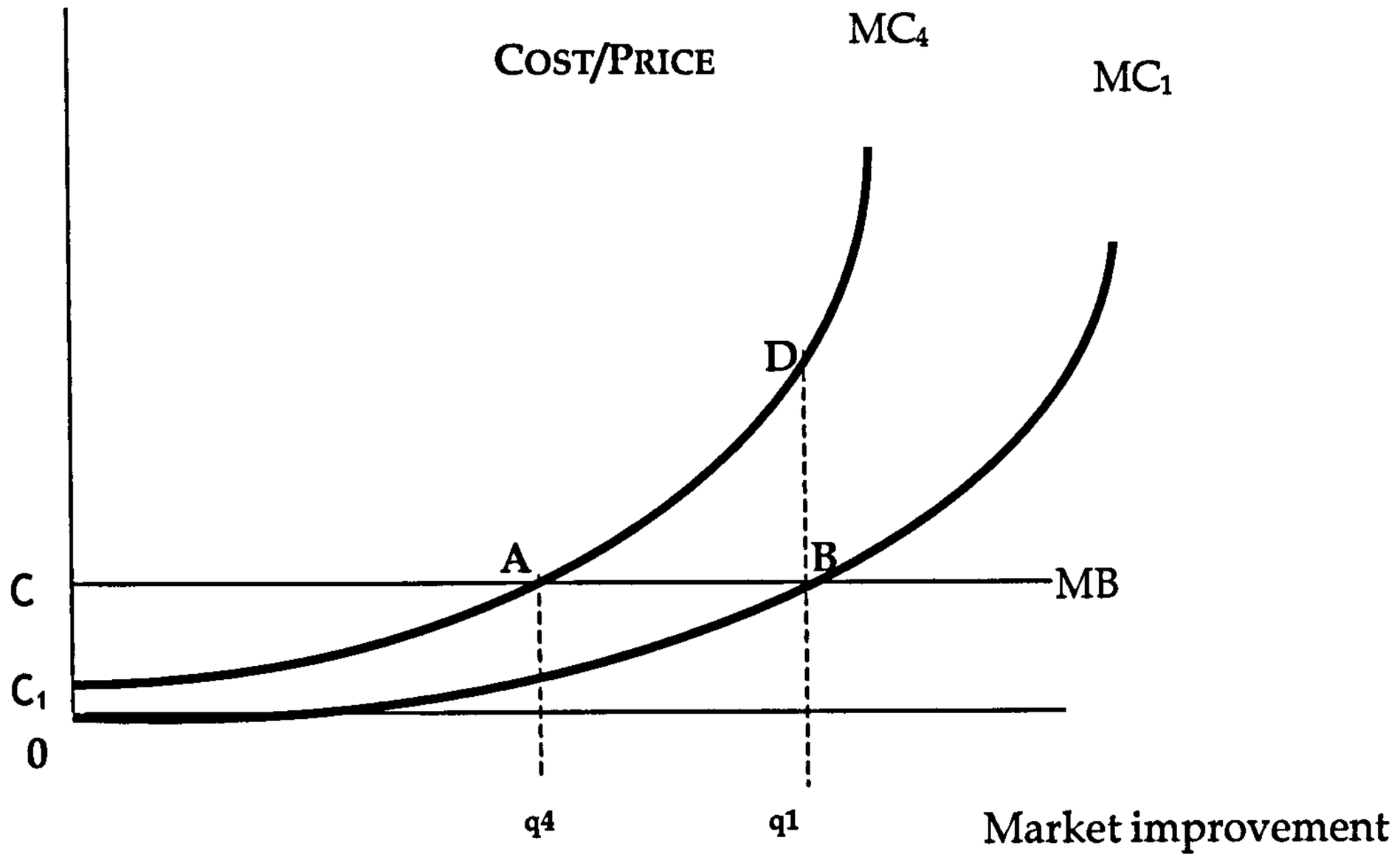
This potential harmful side effect of government interventions is illustrated graphically in Figure 3-4. Take line *PMC* to represent the private marginal costs borne by the small (Politician, political parties, interests groups, voters, bureaucrats, etc) in whose favour particular policies are designed to serve. In addition, *SMC* is the social marginal cost incurred by society on account of the policy. Line MB represents the marginal benefits of the policy. As Lipsey (1993) asserts governments are slow in admitting mistakes even when they are aware of them. This is because, it is often politically easier to go on spending money on a project that has turned sour than to admit fault. This often leads to the reliance on wrong policies or enforcement methods arising from initial mistakes in the choice of policy or methods of enforcement or because market conditions have changed while policies remain the same. The potential economic problems associated with that are illustrated in Figure 3-4 . The costs of every improvement brought about by such policies exceed its benefits by the amount BAD. In such situation the result is worse than no intervention indicated by C_1CA. While the best possible intervention could have produced a net gain, wrong policy choice and methods of enforcement can produce a net loss.

Wrong policies choices could convert the gains from intervention into losses. MB represents the marginal benefit achieved from particular policy. Assume that this is at constant prices. MC_1 represents the marginal costs of introducing and enforcing the policy. For all units up to q, marginal costs exceed marginal benefits. The optimal level of policy is thus q^1, where MB = MC_1. Total net benefits are

$0CBq_1$. Suppose government specifies a method or policies that lead to a shift in marginal costs to MC_4 when costs shown by MC_1 could have been achieved using different policies or methods of enforcement the optimal improvement in the market performance could reduce to q_4. The net benefits are then reduced to C_1CA1^4. This failure could be compounded if this high costs methods or policies continue to dictate proceedings on urban real estate markets.

The costs of every improvement brought about by such policies exceed its benefits by the amount BAD. In such situation the results are worse than no intervention indicated by C_1CA. While the best possible intervention could have produced a net gain, wrong policy choice and methods of enforcement can produce a net loss.

Figure 3-4: The Potential Effects of Inappropriate Policies



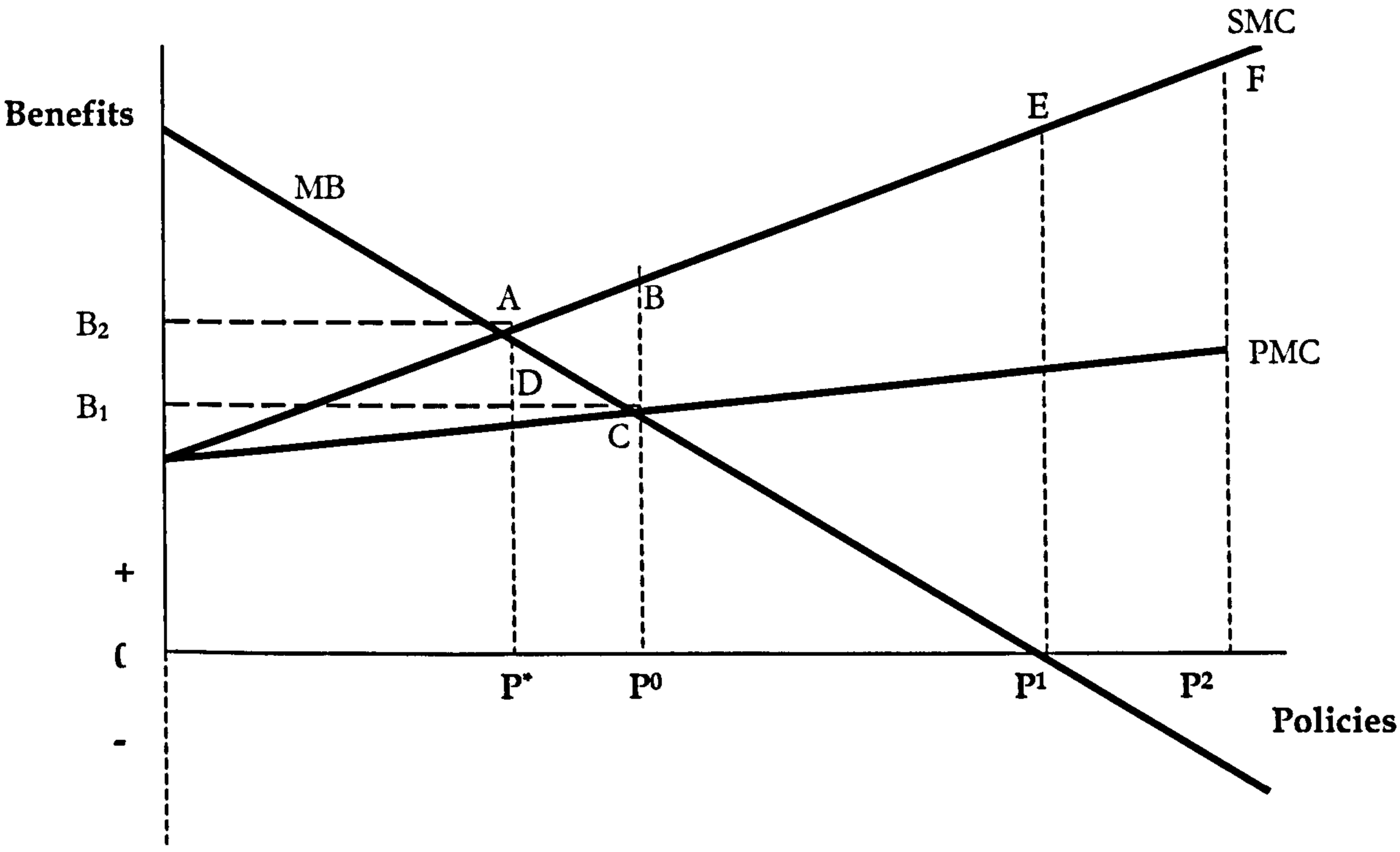
Adapted from Lipsey (1993, p.416)

Besides, public choice scholarship demonstrates that by far the most important causes of government failure arise from the nature of the government as a policy making and enforcing entity. **Figure 3-5** depicts the way externalities can occur in policy formulation. The x-axis represents the policy levels whiles the y-axis indicates the benefits from policies. Functions MB, PMC and SMC represent the marginal benefits, private marginal costs and social marginal costs associated with policies respectively. Policy agenda setters seeking to maximise their private self-

interest or accomplish particular ideological ends by securing a policy in their own favour could push for policies that would ensure their optimal satisfaction *(P^0)*.

At this level the benefits of the policy to them is *(B_1)* whiles the private costs is (c). Yet, the social cost borne by society in view of this policy could be as high as point *B*, which is far above the costs borne by the agenda setters as well as the benefits derived from the policy. The result is thus that benefits are concentrated on a few whiles the costs are widely spread on larger segments. The divergence between the social marginal benefits and the social marginal costs (B-C) provides an indication of the negative impacts that such policy is likely to induce.

Figure 3-5: Policy Externalities



Such policies are likely to result in a social welfare loss equivalent to triangle *ABC*, representing the externality, associated with such private interest centered policies. Yet, if policies had been designed at say (P^1) the price system would have been able to ensure societal benefits of say (B_2) which would have been equivalent to the costs of the policy to society. The economic implication here is that by devising policies to serve the private interest of agenda setter (clients) as opposed to correcting market failure society is often made worse off by a margin of ($B_1 - B_2$).

3.5 THE COASE THEOREM

The Coase Theorem controverts the conventional view that posits government interventions as the potent panacea to all forms of market malfunctioning (Pigou, 1920; Arrow, 1985). The Coase Theorem was more coherently enunciated in Coase (1960) even though its essential ingredients were first formally laid out in Coase (1937). The theory has since been popularised and applied in many economic fields (see Stigler, 1966, p.113; Calabresi, 1968, p.68; Posner, 1993, p.195). Transaction costs in this regard comprise the costs of discovering relevant urban property prices and ownership status, costs of negotiating and concluding separate urban real estate contracts (Coase, 1937), costs of policing and enforcement of contracts as well as surveying and measuring valuable attributes of urban properties. It also includes the costs of protecting property rights as well as the opportunity costs of non-fulfilment of an efficient transaction (Dahlman, 1979, p.148; North, 1990, p.27; Rao, 2003, p.xvi).

Following its earliest formulation, various authors have reframed the theorem to place it in particular contexts. The theory states:

> In a regime of zero transaction costs [and rationality], negotiation between the parties would lead to those arrangements being made which would maximise wealth and this will occur irrespective of the initial assignment of rights (Coase, 1992, p.717).

In other words, if market dealers behave rationally, real estate markets would perform efficiently if the costs of real estate transactions are zero regardless of who owns property in particular societies. It is worth emphasising the point that, the theory is not oblivious to the fact that in the real world transaction costs are rarely zero, certainly not in the real estate arena. Indeed, it recognises that on occasions transaction costs could be so high as to prevent transactions from occurring altogether (see Rao, 2003). The theory postulates instead thus, in every economic field, the lower the transaction costs the higher the potential for efficient outcomes. This implies that rational commercial transactions are the single most important engine for economic growth such that the more frequently they occur, the higher

the chances of realising economic growth and efficiency. Markets distort and slow down transactions because they are impeded by the existence of transaction costs in the real world. Thus to promote frequent transactions, societies must be in possession of means to drive down transaction costs as low as possible. Such a means could be from the private sector or governmental sources such as government interventions or policies (Coase, 1966, pp.442-5). From an efficiency standpoint the choice between the government and the private sector would have to be made purely on the basis of their abilities to make considerable progress in driving down transaction costs having regard to the transaction costs they also bring about in their strides. Thus the economic gains associated with the selected means are the extra transaction costs savings they engendered. Alternatively the economic gains can be in terms of the extra benefits they bring about.

Thus that government interventions have a role to play in real estate market functioning within the ken of the Coase Theorem derives from the common knowledge that on occasions they are better placed to drive down transaction costs in comparison to the private sector. Coase (1992, p. 718) for instance points out that government interventions could legitimately reduce transaction costs through the clarification of laws and by making legal requirements for market transfers less onerous. There is evidence that government interventions formed on this basis have infused trading confidence into otherwise problematic trading relations (see for example Goldberg, 1976 and Zucker, 1986). Williamson (1996, p.268) also notes that provided the regulatory framework is appropriate, both the public bureaux and their customers "would be able to make investment in specialised assets on better terms than they would in the absence of such regulations". To this view, such government interventions must neither be inconsistent nor replace the use of the price system (Hayek, 1944; Coase, 1966, pp. 442) but rather prop it up for its smoother performance. As Coase (1988, p.27) puts it, "the aim of economic policy is to ensure that people when deciding which course of action to take [will] choose that which brings about the best outcome for the system as a whole".

3.6 FRAMEWORK FOR REAL ESTATE POLICY EVALUATION

As applied to urban real estate policy analysis, three main lessons can be drawn from the above analysis. (1) Though the price system offers the best potential in

allocating urban real estate resources more efficiently, it is not a perfect system and on occasions could experience failure with attendant harmful consequences. (2) Yet, government interventions, which are the only known panacea to such market shortcomings, are also not perfect either. They are prone to failure with attendant undesirable consequences. Some economists have argued that government failure even causes more damage to societal wellbeing than market failure (Coase, 1960; Calabresi, 1968, p.68). (3) The Coase Theorem contends that markets can internalise their own shortcomings had transaction costs been zero. The presence of transaction costs in the price system presents formidable impediment for markets to self correct their failures.

Thus changes in transaction costs on account of particular policies serve as the explicit proxies for estimating the economic impacts of particular real estate policies. In addition to the transaction costs mentioned above government interventions also come at costs, which also have to be factored in the calculation. The most notable costs associated with government interventions include the costs of establishing and running policy enforcement institutions (see Coase, 1960, p.44; Arrow, 1969, p.48). To test the validity of the Coase Theorem in urban sub-Saharan African real estate policy, it is important to compare the change in transaction costs with the change in benefits associated with the policy. Accordingly, for urban sub-Saharan Africa real estate policies to be declared efficient, they should not push the extra transaction costs incurred on account of the policy beyond the extra benefits generated by the policy. Alternatively, benefits forgone due to the policy should not exceed the transaction costs saved on account of the policy (see further Harberger, 2002).

The benefits of particular policies are inclusive of the measure of the improvement in welfare of individuals affected by the policy. To evaluate urban real estate impacts however the three basic postulates of welfare economics (Harberger & Jenkins, 2002) can be deployed and made more relevant to real estate markets. The postulate stipulates:

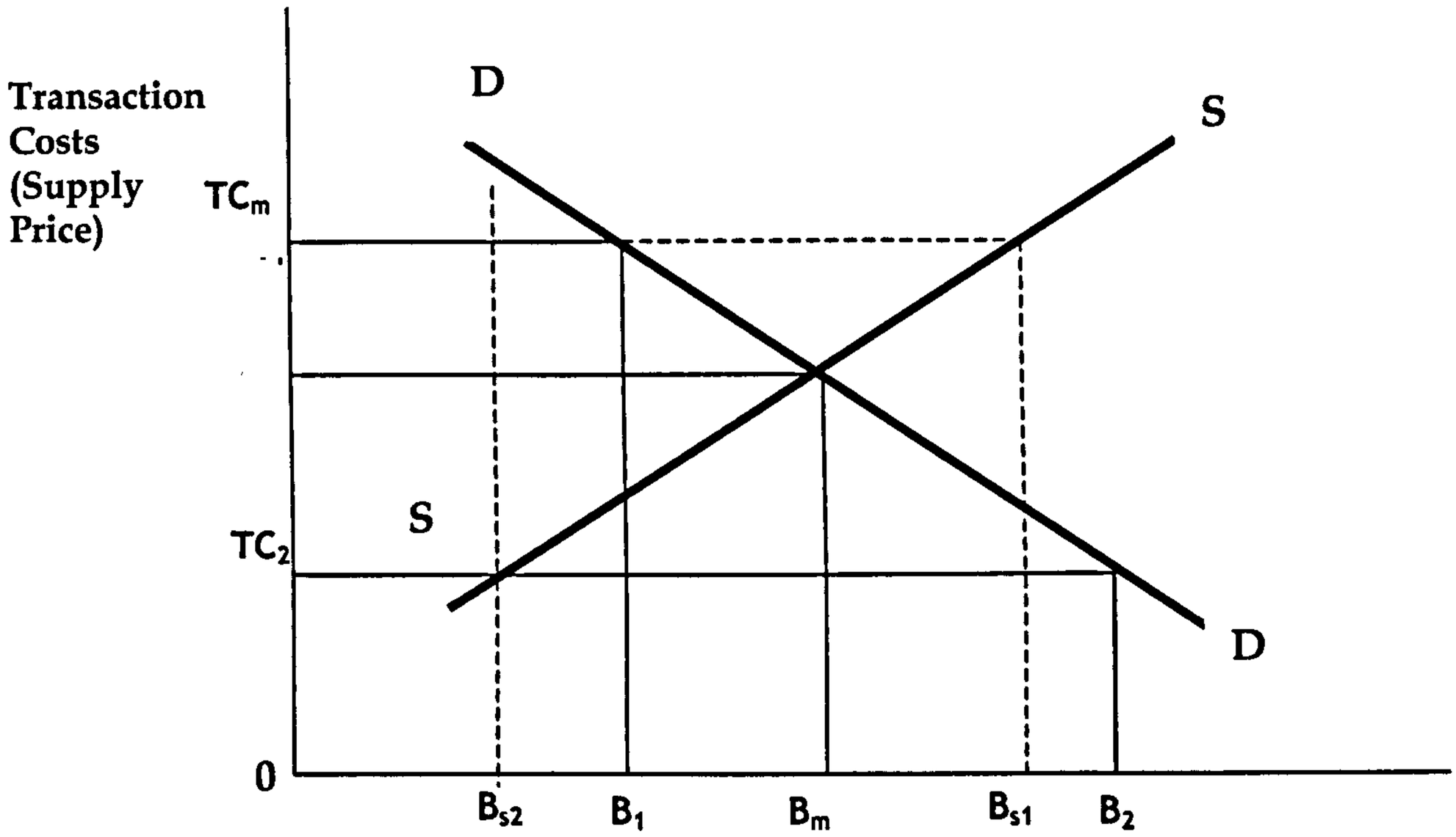
1. The voluntary (competitive) demand price of an urban real estate policy represents the value of the policy to individuals affected by the policy

2. The voluntary (competitive) supply price of a policy represents the value placed on the policy by the supplier of the policy

3. To obtain a measure of net benefits or costs for an aggregate or individuals or for SSA society as a whole, one simply adds up (across the individuals in the relevant group) the costs and benefits measured according to 1 and 2

In Figure 3-3, the x-axis denotes the benefits that affected individuals derived from urban real estate policies, P. The y-axis denotes the transaction costs associated with particular urban real estate policies. DD and SS represent the demand and supply for policy P respectively. Assume that the level of transaction costs pertaining on particular urban SSA real estate market before the introduction of the policy concerned is TC_m with the associated benefits of B_m. If the policy raised transaction costs to say TC_1 the benefits derived from policy, P will be say B_1. Accordingly, the extra transaction costs attributable to the P can be measured as $0TC_m$ minus $0TC_1$. The extra transaction costs generate a reduction in benefits from $0B_m$ to $0B_1$.

Figure 3-6: Transaction Costs Analysis of Policy



The scale of the benefit forgone on account of the policy is equal to $0B_m$ minus $0B_1$. At these levels of costs and benefits, since extra transaction costs brought about by

P is far higher than the associated benefit, (negative benefit) the policy is inefficient by the criterion of the Coase theorem. At such a high transaction costs policy suppliers will be oversupplying policy at a level that should be generating benefits of B_{s1}. Since the actual benefits received from the policy, B_1 is far less than the expected benefit, B_{s1}, it implies that the resources used in the supply of the policy are not all translating into efficient or tangible benefits. Some level of waste of resources will thus be occurring in the course of supplying the policy. Conversely, if the policy reduced transaction costs from its original level of TC_m to TC_2 the cost saved on account of the policy is given by $0TC_m$ minus $0TC_2$. The benefit or demand price implication of this phenomenon is that, an extra benefit of up to $0B_2$ is generated. The actual scale of the benefit can be measured as $0B_m$ minus $0B_2$. By the Coase Theorem criterion since the policy induce savings in transaction costs as well as increased benefits beyond what existed before the policy, the policy is worthwhile. At this level rationality suggests that policy suppliers may be unwilling to supply in a sustainable manner, policies at this benefit and transaction costs levels. They will thus be most willing to supply at benefit levels B_{s2}. In a competitive environment the interplay of demand and supply forces will ultimately lead to a policy, demand and supply level at which at least the transaction costs equates the benefits. That is at a level where supply price equals demand price.

Having outlined the conceptual dynamics a means has to be found to measure the actual demand and supply prices associated with particular urban real estate policies in reality. This will enable an understanding of the actual level at which the concerned policies are being supplied and consumed together with their welfare implications.

3.7 SUMMARY

The Coase Theorem as presented in this paper is a proposition that provides a systematic view of the ends to which urban real estate policies in sub-Saharan Africa should be directed by specifying the relations between transaction costs and economic outcomes. It presents transaction costs as the focal variable for measuring the efficiency of urban real estates. In employing insights from the theorem to analyse urban real estate policies in sub-Saharan Africa adequate

understanding of the true economic impacts of particular policies can be gained. The theorem will also ultimately help in identifying urban real estate policies that are, in fact, to the best interest of particular sub-Saharan Africa economies. Before turning to the analysis of these policies it is vital that these policies are examined in more detail to establish their nature and intended objectives. This is the end to which Chapter 4 is directed.

Chapter 4

The Political Economy of Sub-Saharan Africa Real Estate Policies

4.1 INTRODUCTION

In seeking to provide indications of the quantitative measures of the economic impacts of real estate policies section 1.6 of Chapter 1 raised seven key research questions for inquiry in this study. The task of this chapter is to address the first two of these questions notably: (1) what are the range of real estate policies in sub-Saharan Africa? (2) are there relationships between the historical origins of these policies and their economic consequences? To accomplish this, the Chapter draws on insights from transaction costs, the theoretical framework for this study (Chapter 3) and public policy theories to explain the historical origins of these policies and make predictions about their potential consequences. The Chapter, on the basis of this analysis derives a generic taxonomy for empirical evaluation of the economic impacts of these policies which gives due regard to the copious nature of real estate policies in sub-Saharan Africa and the region's peculiar data limitations. The taxonomy devised is employed subsequently as the basis for evaluating impacts of real estate policies in Chapters 7 and 8.

It is well established in contemporary economic theory that real estate policies, like all forms of government interventions are desirable only on occasions of true market failures and excessive transaction costs. Yet in reality, extensive research (Hogwood and Gunn, 1984b; Rose, 1986; Nakamura, 1987; Stone, 1989; Jenkins-Smith, 1990; Lindblom and Woodhouse, 1993; Stone, 1996; Dye, 1998; Sutton, 1999; Parsons, 2003) have established that policies, whether in sub-Saharan Africa or in advanced capitalists economies, are determined largely on political considerations, albeit a few are devised on economic grounds. The indications from this realisation are that, in any particular economic field, there could be as many and diverse policies as there may be economic ends, political ideologies, values and interests. Whiles such influences pervade all policy environments across the world it is the scale of their influence on real estate policy formation and outcomes in sub-Saharan Africa that give cause for concern. It is thus pertinent, under the current

climate of poverty alleviation and economic development to appreciate how these variables have transmuted into economic costs and benefits to dictate the economic well being of respective sub-Saharan Africa economies. It is self-evident that, the acquisition of such understanding cannot be suitably accomplished without first devising a handy classification of these real estate policies in a way that ensures the derivation of maximum information about their economic impacts without necessarily bringing each one of them into the calculus.

The starting point for this formulation is to establish a definition of what is perceived as real estate policies. Following this, an examination of the policy processes that have shaped real estate policies in sub-Saharan Africa is conducted. Based on this examination the social costs of the monopolistic nature of the policy environment in sub-Saharan Africa are also examined. This is then followed up with the formulation of taxonomy to provide a generic basis for real estate policy impacts measurement in sub-Saharan Africa. As shall be explicated in the Chapter such taxonomy is crucially needed if a more comprehensive and yet simplified evaluation of sub-Saharan Africa real estate policies can be attained. The Chapter ends with concise conclusions drawn from the detailed discussions.

4.2 REAL ESTATE POLICY DEFINED

In Chapter 1 a tentative definition of real estate policy was provided with a proviso that a more formal definition will be derived in this Chapter. This formal definition is vital to clarify what real estate policy means in order that the succeeding discussions can be appropriately contextualised. Public policy as such, whether in the field of real estate or any other discipline is not a self-evident term (Heclo, 1972) and does not lend itself to easy definition. The concept is nebulous in that it connotes different things in different contexts. Hogwood and Gunn (1984, p.13-19) for instance identified 10 different contexts in which the term has been employed in recent times. Added to its inexactness is the diverse disciplinary perspective from which the term has been explained in recent times. Dror (1989, pp.320-326) for instance listed some twenty-three different disciplines and perspectives from which the definition and analysis of policy can be approached. These have culminated in many assorted definitions of the term in the literature

(Gunn, 1966; Heidenheimer, Heclo et al., 1975; Hogwood & Gunn, 1984b). Heclo (1972) provides a comprehensive review and critique of these repertoires of definitions. That said, this Chapter draws insights from the definition offered by Hogwood and Gunn (1984, p. 23-24), which was itself based on a review and synthesis of a number of different versions of definitions of the term, to provide a working definition of real estate policies. This definition is found most suitable because it is all encompassing. It crystallises into one framework the most eminent definitions of the concept in the policy literature giving due cognisance to their peculiar emphasis and diverse perspectives. It thus offers a much more generic outlook of the concept which is supportive of the generic approach to real estate policy evaluation advanced in this Chapter.

Hogwood and Gunn (1984, p. 23-24), defined public policy as:

> "...comprising a series of patterns of related decisions to which many circumstances and personal, group and organizational influences have contributed [and] must to some degree have been generated or at least processed within the framework of governmental procedures, influences and organisations".

In working towards a definition for real estate policies in this study three other crucial attributes of policies not explicit in the definition offered by Hogwood and Gunn (1984) needs noting. Firstly it is imperative to recognise that public policies are decisions that emanate from and are in some instances enforced exclusively by governmental agencies. Secondly, public policies are often contained in legislation or government authoritative documents or papers. Thirdly, in this Chapter real estate is conceived of as including land and all its immovable appurtenances. Putting all these together, this Chapter defines real estate policies as:

> All government sanctioned and legally enforceable related decisions emanating from and implemented by governmental agencies, exclusively or in partnership, contained in

> enactments, edicts, authoritative documents, procedures and influences that regulates real estate market proceedings.

Having established a working definition for real estate policies taxonomy for these policies as they exist in sub-Saharan Africa they can now be formulated based on their particular attributes. However since attributes of policies are the end results of a rather long policy processes, it will be instructive to deduce the classes of real estate policies from the operative policy process in sub-Saharan Africa. To this end, the ensuing section provides an account of the nature of the policy process in sub-Saharan Africa and how they have shaped the classes of real estate policies in the region. This will draw attention to the true ends of extant real estate policies in sub-Saharan Africa, their intended benefits and costs of the policies, those on whom benefit are intended to be concentrated as well as those intended to bear the costs of the policy.

4.3 THE POLICY PROCESS

Policy processes vary from society to society and from one political systems to another (Cobb and Elder, 1972; Jenkins-Smith, 1990; Rochefort and Cobb, 1994). However, conventionally, the analyses of policies have emerged essentially along two main paths: (1) the rationalists approach and (2) the pluralists approach. The applicability of these two approaches in addressing the above research questions together with their costs and benefits inferences is explored in this section as a basis for the formulation of the taxonomy.

4.3.1 The Rationalists' Policy Process

The rationalists approach to policy analysis evolved essentially from the neoclassical economic tradition. The approach views policy processes as consisting of a comprehensive and systematic series of activities starting with problem identification, agenda setting, definition of objectives, options, decisions and consequences (Laswell, 1956; Simon, 1957; Mack, 1971; Jenkins, 1978; Hogwood and Gunn, 1984a; Rose, 1986). Policy formation is thus perceived in this model as identical to the systems approach to decision making (Dye, 1998; Peters, 1999; Rushefsky, 2002) and rational problem solving (Carley, 1987). The approach

proceeds on the assumption that policies are independent variables devised through objectively established rationalists procedures to address an objectively identified problem (Merton and Nisbet, 1961; Spector and Kitsuse, 1977 p.37). To this end, policies are rational value-neutral instruments objectively devised to correct market failures and inequities, lower excessive transaction costs and to promote the public interest in a Pareto efficient manner. This implies that real estate policies, for instance, will only be enacted on occasions of apparent or reliably predicted market failures and excessive transaction costs. Policies enacted under this model are thus regarded potentially Pareto efficient with invariable positive net benefits (Carley, 1987). Thus when such policies fail to accomplish Pareto efficient outcomes it may be owed to incorrect problem identification, wrong selection of policy objectives, the use of unreliable data, the employment of inappropriate methods of analysis and the wrong choice of solution.

While this process is theoretically and conceptually logical, systematic research has recognized that in practice, this approach is seldom followed even in developed economies where the information and technological means for using the approach are readily available (Cobb & Elder, 1972; Rochefort & Cobb, 1994). The approach has also seen very little practical application in the context of sub-Saharan Africa (see Glickman, 1988). Gulhati and Yalamanchili (1988) for instance attributes the non practical application of this approach in Africa to "the acute scarcity of professional skills and institutional capacity for (1) clarifying policy objectives; (2) diagnosing policy distortions; (3) detailing specific measures and taking legal or administrative action to implement them; and (4) monitoring the results of the new policies with a view to obtaining feedback for the next instalment of reforms". Based on its limited application in practice, the rationalists approach serve only theoretical purposes and has been described as " a dignified myth, which helps the researcher towards a comfortable life" (Gordon, Lewis et al., 1977). The approach thus offers very little help in trying to provide an understanding of the forces that have shaped real estate policies in sub-Saharan Africa and to classifying and explaining the nature of real estate policies in sub-Saharan Africa. This is even more so, given that in Africa the political system, rather than rational analysis, has been accredited as the paramount determinant of public policies (Findlay, 1991).

The pluralist model is thus viewed as most appropriate in explaining the sub-Saharan Africa real estate policy process and this is considered below.

4.3.2 The Pluralists Policy Process

The pluralists approach views public policies as the outcome of free competition between ideas and interest of many actors involved in the policy decision-making process in particular societies (Parsons, 2003). The composition of the actors in the policy process varies from society to society and may consist of public opinion (Gunn, 1989), the media, experts and professionals including think tanks (Wilding, 1982; Friedson, 1986), bureaucrats (Niskanen, 1984), interest groups (Sutton, 1999) and politicians and voters (Downs, 1957). Each policy actor holds peculiar ideologies, values and interests that are often in conflict with those of others (Dahl and Lindblom, 1953). Policy formation accordingly turns on pluralism, mutual adjustment, consensus seeking and incrementalism (Lindblom, 1959; Lindblom, 1980; Nakamura, 1987; Stone, 1989; Sabatier and Jenkins-Smith, 1993; Lindblom & Woodhouse, 1993). Progress is made in the pluralist's policy process only when there exists a means of resolving conflicts of values, interests and ideologies between policy actors in a way that ensures the formation of Pareto efficient policies.

Public policy studies (McKean, 1965 ,pp496-505; Haveman, 1976b ,pp.235-250) suggests that in a pluralists process optimal outcome in policy formation is achievable when all actors involved are fully equipped with relevant knowledge and are willing to negotiate and build consensus on policy choices that offer the ultimate means of maximising individual and societal welfare. This "implies the need for a political process in which the full set of impacts of a decision on all citizens, the poor and minority groups as well as those with power, be somehow registered with decision makers" (Havenman, 1976, p.239). The ideal form of the pluralists' process thus can be likened to a "smoothly functioning market system" in which the full costs and gains of any decision as experienced by individuals would be brought to bear on the decision maker (Jenkin -Smith, 1990, p. 30). Such an ideal policy process is based on the assumption of a widely diffused power structure in which each participant has equal influence on problem definition,

agenda setting and policy choice (Parsons, 2003). It is nonetheless well established that such an ideal policy process is non-existent in reality (Jenkins-Smith, 1990) because unequal distribution of power between policy actors is a pervasive fact of political life (Brams, 1968, p.461).

Judging from the configuration of power between policy actors two extreme policy processes can be discerned within which many intervening policy processes may exist. At one extreme is the competitive policy process in which power is equitably diffused among policy actors. At the other end is the monopolised policy process in which power is monopolised by a few, usually the incumbent. It is established in public policy studies that the competitive policy process akin to the democratic political regime offers the best model for efficient policy formation (Dahl, 1961; Cobb & Elder, 1972; Rochefort & Cobb, 1994; Jenkins, 1999).

Contrary to this view, this Chapter argues based on transaction costs insights (Coase, 1960) that both the competitive and monopolised policy process offer identical potential for the formulation of efficient policies if transaction costs were nonexistent. Any differences in efficiencies between these two policy models could thus be attributed essentially to differences in transaction costs that policy actors are exposed to. Transaction costs in this case comprise the costs of organising formidable and identifiable policy groups, the costs of expressing views, the costs of obtaining relevant information and the costs of consensus building particularly in the area of problem definition, agenda setting and selection of alternatives. Thus the mere adoption of a competitive policy model in place of a monopolised policy process offers no real advantage if transaction costs remain unchanged. A competitive policy process could thus be even more inefficient than a monopolised system if transaction costs in the competitive system are higher than they were in the monopolised system.

The proximate instance of a competitive policy process in reality is the democratic policy process in which policy is driven by public demands and opinion (Dahl, 1961) whiles the proximate instance of a monopolised system is an autocratic regime. Both systems are presented with similar transaction costs elements though at differing levels. For efficient policies to be evolved it is expected that in the

policy process, citizens be regarded as background actors in politics who exert and indirectly influence public policy through their efforts to select, support and sway elected representatives (Pitkin, 1969; Pateman, 1970; Hardy-Fanta, 1993). The costs of selecting, supporting and swaying elected representatives is thus an important consideration in determining the efficiency output of a particular policy process. Rationally, citizens will only incur such transaction costs when they envisage the potential benefits to be at least commensurate with the costs. When transaction costs are low or at least commensurate with potential benefits the relationship between citizen practice and government policy will run from citizens to government policy, passing through the intermediary efforts of elected officials who serve as primary actors in politics (Mettler and Soss, 2003). If the transaction costs for accomplishing this are unbearable citizens become essentially cordoned off the policy process and the process of policy making becomes a game for those who can afford. In such a system policy becomes instruments of those who can afford rather than an agreed instrument to achieve particular levels of societal welfare.

Meanwhile citizens are often confronted with pertinent costs relating to monitoring to ensure that their representatives in the course of the policy debate accurately convey their views, the costs of outbidding other citizens, who may hold contrary views on particular issues notwithstanding. The costs become even more exorbitant when the representatives hold personal views that are in conflict with that of their electorates (Popper, 1957; 1976; Parsons, 2003). Yet, whether the representative will go along with the views of the electorates or pursue their own views turns on the costs and benefits associated. If the benefits outweigh the costs it is unlikely even in a democracy that elected representatives will go along with the views of their electorate during policy debates and discussions. The immediate costs that elected representatives face includes the costs of being voted out at the next elections or the costs of going against the party position. In the absence of these costs, elected representatives have no real motivations to carry the views of their electorates across and citizens will thus have little influence on policy.

More important is the costs of negotiation to achieve consensus. Policy making is a competitive process which is expected to be based entirely on negotiation with the public, within the political party and between political parties (Fuller and Myers, 1941; Becker, 1963 pp.8-9). If the costs of negotiation are low relative to the benefits, policy actors will engage in negotiation and make reasonable adjustments of their views until mutually beneficial policy decisions are reached. However, if the costs of consensus building are high relative to the benefits, policy actors will not engage in negotiation with those holding opposing views, which could lead to inefficient policies. As will be made clear, the African policy process has led to inefficient real estate policies simply because the incumbents have permanently heightened transaction costs faced by opposition, pressure groups and the media in trying to participate in the policy process at various stages in the political history of the region.

4.4 THE EVOLUTION OF REAL ESTATE POLICIES IN SAHARAN AFRICA

The preceding discussions have established that political forces largely shape policies. Though the operational model of political systems: democratic or autocratic, have the potential to yield equal levels of efficient policy decisions, it is the transaction costs associated with the political system that dictates the types and efficiency of policies in particular society. This thesis is employed to explore sub-Saharan Africa's real estate policy evolution. This section accordingly examines how the monopolisation of power within the African policy process had led to the creation of particular types of real estate policies that have tended to be economically inefficient and yet impossible or improbable that they will be removed if transaction costs in the policy process remain high.

Persistently, the African political scene has witnessed the concentration of power in the hands of a minority either through invasion, as in the colonial era, the creation of a one party state, military interventions and despotism in the emergent democratic processes. These events have been discussed more fully below. These have culminated in exorbitant transaction costs to policy actors in opposition and pressure groups since the colonisation of the region. The substantial monopolisation of the policy process by incumbent governments gave them

freehand in pursuing their private interests, values and ideological ends. Indeed empirical research suggests that African policy monopolists have two main utilities variably they regularly seek to maximise. First is the protection of the interests of those who control the government machinery rather than the need to secure the general welfare of society (Schtaz, 1988). The second as Rimmer cited by Killick (1978, p.51) established "the enrichment of the government itself, (i.e. the ruler, of Ministers, of party leaders, of top civil servants, and possibly of numerous subordinate ranks of the public)". This is corroborated by numerous contemporary research works (Scott, 1972; Bates, 1982; Bayart, 1989; Bratton and De Walle , 1994). In actual fact it is established that during these periods of monopoly regimes in Africa the "economy did not occupy the centre of attention of decision makers"(Gulhati and Yalamanchili, 1988 ,p.108).

For instance during the colonial era, the 1895 statement by the then UK Prime Minister, Lord Salisbury (cited in Kaniki, 1985) to Parliament exemplifies the main concerns of the colonial monopoly administration. Lord Salisbury wrote:

> "It is our business in all these new countries to make smooth the path for British commerce, British enterprise, the application of British capital, at a time when other paths, other outlets for the commercial energies of our race are being gradually closed by the commercial principles which are gaining more and more adhesion. In a few years it will be our people that will be masters, it will be our commerce that will prevail, it will be our capital that will rule... this is a tremendous power, but it requires one condition. You must enable it to get to the country where its work is to be done".

The accomplishment of this goal meant that the colonial authorities of the respective colonies had to make the continent safe for British, French, German, Belgium, Portuguese and Italian capitalism (Harris, 1975) and policies were enacted to effect this ends. They achieved this by raising the costs of opposition from the indigenous African population by precluding them entirely from taking part in policy formation through legal means.

Accordingly the main beneficiaries of policies evolved by the colonial regime including, marketing boards, monopolies, licenses, land and other regulatory devices were the minority white settlers, private firms favoured by the metropole, and metropolitan central banks (Glickman, 1988 p. 28). A case in point is the land redistribution policies in East Africa under the colonial regime in which contrary to the well-developed peasant agriculture found in Uganda and other African countries at the time of colonisation (Kaniki, 1985), the beneficiaries of the redistribution of lands by the administration were the white minority. Such was the generosity of the redistribution policy that at one time Lord Delamere, an European entrepreneur owned more than 400,000 ha of land in Kenya (Kaniki, 1985). Similarly, in Southern Rhodesia (now Zimbabwe), by 1911, Europeans owned about 7,700,000 ha and by 1925, they owned 12,500,000 ha at give away prices (Kaniki, 1985). Kaniki in fact reported that in Southern Rhodesia "in 1894 each member of the Victoria and Salisbury columns recruited to crush the Ndebele was promised 6000 acres of farm land". Thus according to Harris (1975, p. 11) colonialism can best be described as serving the economic interest of a handful of companies and capitalists in the colonial metropoles at the expense of the population of the colonies.

In the postcolonial era, the need to enact policies to enable personal aggrandisement and distribution of material favour to selected members of the respective societies became even more profound. The immediate postcolonial policy process was as mentioned earlier characterised by the growing presence of emergent African bourgeoisies who have helped to achieve independence. These bourgeoisies formed strong social cleavages that are "in extremely favourable position to demand and secure access to resources of the state and to open handed state support for accumulation" (Sender and Smith, 1986). These demands had to be met at all costs and through favourable policies (Harris, 1975). Those located strategically within the policy process succeeded in securing policies in their favour (Bates and Devarajan, 1999). Thus, Lancaster (undated) in describing the postcolonial policy environment of Africa for instance wrote:

> Patron-client relations are important elements in politics throughout the world. But since independence, they have

come to play an especially prominent role in many African countries where leaders are less reliant on open political competition and periodic elections to maintain their position and more on the continuing support of key groups and individuals. ... African government officials, Ekeh argues, will be judged by their association in primordial groupings on whether they "channel part of the largesse from the civic public to the primordial public...The unwritten law of the dialectic is that it is legitimate to rob the civic public in order to strengthen the primordial public..." Another long time observer of the continent, Goren Hyde, describes an "economy of affection" as influencing Africans at all levels of life, "network of support, communications and interaction among structurally defined groups connected by blood, kin, community or other affinities..." Hyden goes on to describe the economy of affection as imposing social obligations on individuals that limit their interest and capacity to support public concerns outside their community, however defined. It trends to perpetuate a locale-specific outlook, which often comes into conflict with the principles on which national development is based.[1]

Indeed contemporary research suggests that those in favourable position entered into an ongoing cycle of regular social and political bargain or negotiation in which a wide variety of resources can be drawn upon to establish advantage and authority (Chauveau, 1997). Thus, those in power live "not by creating a surplus but by taking economic advantage...of political power" and businesspersons usually have parasitical relationships to governments (Cook, 2001). Such behaviours of monopoly policy actors come at costs to society. But how were such monopolisation accomplished to influence real estate policies.

[1] Carol Lancaster (undated) "Thoughts on policy reforms in Africa", typescript, Georgetown University.

4.4.1 The Colonial Policy Process

Much has been written about the despotic rule of the colonial administration in Africa and how that influenced the determination and definition of problems, agenda settings and the choice of policies (Harris, 1975; Sender and Smith, 1986; Mabogunje, 1987; Platteau, 1992). Suffice to point out in this analysis that, during this period, the exploitative objective of the concept of colonialism (Kaniki, 1985) was the driving force behind the autocratic governance structure instituted out of which much of the initial real estate policies in the region emerged. The political institutions during this time were made up exclusively of the white minority. Policy decisions were arrived at without reference to the Africans and the Africans could only oppose policies from outside the formal policy making arena. Conflict in policy formation was thus between the social system and the formal decision making body. This meant that transaction costs faced by the Africans in seeking that their views are taken care in the policy process was enormous. It entailed the formation of viable countervailing forces with strong opinion leaders whose views cannot be ignored in policy making even though they operated outside of the formal policy arena. Agenda building and policy formation thus tended on two principal transaction costs elements. One is the cost at which the countervailing forces could expand issues to gain the attention and support of a wider even international interested group and the second being the costs that the colonial powers were likely to incur if they ignored the views of the group.

If the cost of ignoring the views of the expanded audience or international interested group was regarded insignificant in comparison to the gains, the administration had enough motivation to ignore them. However, where it was costly to ignore, the administration was bound to take note of the countervailing forces. As Cobb and Elder (1972) explained, in such a situation issues that are unlikely to be ignored comprise (1) issues that are more socially significant; (2) issues that have long term relevance and (3) issues that lack clear precedent. Although, with regard to land policies all these conditions were present, the critical determinant of whether the views of the opposing forces would have to be taken account of was the abilities of the opposing forces to bear the costs of

expanding the conflict beyond the local formal policy arena. This was well illustrated when it came to the promulgation of colonial land nationalisation policies. In some Eastern, Central and Southern African countries where the opposing forces were unable to bear the full costs of issue expansion, their views did not represent a significant threat to the colonial administration and hence they were conveniently ignored. In these countries, the colonial administration successfully enacted policies that vested all property rights in "vacant lands" in the government of the day for redistribution (Noronha, 1985; Platteau, 1992).

Yet, in countries such as Ghana, Nigeria and Ivory Coast where the opposing forces incurred the full costs of issue expansion around the 1890s they were able, in the case of Ghana for instance, to go all the way to England to protest to the English parliament and monarchy (Rimmer, 1992). Having expanded the issue this much, the colonial administrations in these countries could only ignore their views at extraordinary costs. They thus could not be ignored (Mabogunje, 1989) and the policy of outright land nationalisation that took root in Eastern, Central and Southern Africa could not be applied in these west African countries (Rimmer, 1992). Besides, in countries where the opposing forces could be ignored the colonial administration had free hand in dissipating the land resources to the White minority and European merchants (Sender and Smith, 1986) as exemplified above. Where they could not be ignored the administration gained access only to those lands that they acquired at full market prices (Meek, 1949). These policy decisions continue to impose economic repercussions on some of these societies many years after the colonial era.

As a result of these policies land ownership structure in Eastern, Central and Southern Africa is severely skewed in favour of a few whites or Europeans. This has engendered postcolonial clamour for more equitable redistribution of land resources by the Africans, which are being honoured through policy reforms at great costs (Toulmin and Quan, 2000). In some countries such as Zimbabwe the clamour is being honoured through forceful takeovers of lands owned by whites leading to violent clashes, loss of lives, political instability and insecurity. Meanwhile in West African, the successful opposition presented by the

countervailing forces prevented such skewed land ownership structure in these countries. Land ownership is thus more proportionately distributed in these countries and this has not specifically led to remarkable policy reforms and political events.

Yet across Africa, when it came to policies that regulated the activities and land transactions of indigenous land owners, the opposing forces that had successfully subverted the earlier land nationalisation policies were benign and presented no opposition whatsoever. Having expended many resources in subverting the nationalisation policies, the West African countervailing forces appeared to have exhausted their resources and could not mount similar opposition. This later regime of policies appear to be enacted to ensure state surveillance over the activities of land owners with the view to pre-empting and forestalling any activity or transaction that is likely to threaten colonial exploitation or breach of the peace which was vital for their exploitation. Generally, the central theme of these regulative policies followed the recommendations of the West African Committee set up to look into the causes of land litigations in parts of West Africa. The key recommendation of the Committee was that all transfers of interest in land to non-natives, by Africans should be considered invalid unless it were by lease for a term of years and were made with the consent of the Governor [2] (Meek, 1949). In Ghana, for instance, this recommendation was implemented under section 3 of the Concessions Ordinance (No.19 of 1939) as well as the Local Government Ordinance of 1951. In Kenya, the Crown Lands Ordinance of 1902 prohibited land sales between Africans and Europeans altogether (Platteau, 1992, p.97). These regulations were intended to curb the emergent litigation emanating from the then rampant land sales between African landowners and European concessionaires (Platteau, 1992; Woodman, 1996).

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[2] The governor would, they suggested, only give his consent when he had received a report from the District Commissioner showing the area and boundaries of the proposed grant, whether the title properly belonged to the community proposing to grant it, whether the community fully assented, whether the consideration offered was adequate and that the grant would not materially interfere with the community's requirements in the matter of agriculture, fishing, hunting and the collection of natural products.

A great deal of the lack of opposition to such policies may also relate to the transaction costs faced by the African landowners and countervailing forces in obtaining the relevant information to be able to appreciate the full and long term implications of such regulations of their rights (see Alchian, 1965; Demsetz, 1967; Pejovich, 1997). In the absence of such information, opposing forces saw very little gain in incurring the costs of opposing as those in West Africa had done previously. It is highly probable given the supply of available land that at the time the restriction on their property rights did not reduce their earnings from the land significantly. As Meek (1949) reveals most of the transactions were informal and purchasers were comfortable with any form of receipt or site plans, most of which had no bearing with the true triangulations of the land in question. Since these regulative policies were only enforceable when transactions were brought to the attention of public officials, very few of such transactions were subjected to these policies given the state of land documentation. Thus the practical impacts may well be very minimal and hence do not warrant the costs.

Indeed it is possible that eminent opposing forces perceived these policies as more beneficial as it enabled indigenous landowners retain ownership of their lands even after they have sold the land. Even so, it is clear that these policies concentrated costs on the African landowners whose property rights were brought under severe regulations and control. In the postcolonial regime these particular policies exists in many forms in some sub-Saharan African countries as Ghana. The current constitution of Ghana (Government of Ghana, 1992) prohibits freehold grants of stool lands as well as more than 50 years leasehold rights to non-citizens of Ghana. Since it is only through formalisation of holdings that these genus of policies are enforced, it tended to accord formal transactions superiority over informal transactions in the eyes of the law. Informal transactions are currently regarded in some countries officially invalid *ab inito* (see 1992 constitution of Ghana for instance). They are thus considered risky in credit transactions.

It is evident from property rights insights (Becker, 1977; Ault & Ruthman, 1979; Pejovich, 1990) that had power in the policy process been fairly distributed and the costs of transactions including costs of obtaining relevant information and the

costs of opposition been low, landowners would have favoured openness to free markets. Thus, they would have opposed such trade restrictions that evidently reduced their rights to free trade.

4.4.2 Single Party Postcolonial Regimes

Contemporary researchers (Hameso, 2002) argue that the autocratic or monopolised policy process instituted by the colonial regime became a convenient legacy for the succeeding postcolonial regimes. Hameso (2002) for instance argues, "the post-independence leaders took over the political kingdom in its enticing state". Yet at independence some four decades ago, all postcolonial African countries emerged as democracies governed by constitutions framed along the lines of what pertained then in the respective imperial countries of the colonial authorities (Bratton & De Walle , 1994). Power within the policy process was thus diffused and transaction costs were expectedly lower than during the colonial era. Soon, "political plurality ... were decried as bottlenecks for the project of "nation-building" and national unity"(Hameso, 2002). The new African leaders who had adopted socialist's ideological stance (Sender and Smith, 1986) faced enormous transaction costs in seeking to impose their views and ideologies on society. As it turned out, the real rationale for the choice of socialism at the time was two fold. First was the need to meet the growing demands of the emergent African bourgeoisies who had contributed to the achievement of independence and hence were better placed to demand favours from the incumbent. Second was the urgent need for the new nationalist governments to consolidate their power over the nations' resources to be able to institute central planning and state direction of resource allocation in accordance with the then mainstream development economics ideologies in vogue (Sender and Smith, 1986). This second agenda also gained credence from the then favourable outlook of socialism and state interventions in the Soviet Union and England (Sender and Smith, 1986). As Young puts it:

> development economists, sympathetic to state-led development and dominant modernisation theories readily

> acknowledged that economic development came first with democratisation expected to follow later (Young, 1996 ,p. 54).

This second rationale also made it more convenient for the first rationale to be accomplished through the distribution of favours to the clients of the state after the state had gain freehand in the control and allocation of vital resources. Transaction costs that the incumbents would need to incur to accomplish these two agenda were likely to have been very high in a pluralist's environment, as it would entail reaching agreement with all countervailing forces in the policy process as explained earlier. Nonetheless in a truly democratic pluralists system where public opinion and the media matter in decision making, the costs of maintaining strong opposition are on the contrary likely to be low. In Ghana, for instance the choice of a socialist's agenda by the first post independent administration led by Nkrumah easily precipitated the formation of an opposition group, the National Liberation Movement (NLM) who immediately successfully represented an important impediment to the socialist's goals of Nkrumah (Killick, 1978). The NLM went to the extent of calling for a federal system of government, to whittle down the power of Nkrumah. The call eventually led to another election in 1954 (Card, 1975).

The costs of formulating socialist policies from the perspective of the incumbent was thus mammoth and the options left for them was either to incur the costs of negotiating with the opposition or incur the costs of eliminating the opposition all together. The second option meant that the transaction costs of opposition were to be raised so high to make it unprofitable to oppose. Since the outcome of any negotiation with the opposing forces particular on the issue of socialist's orientation was uncertain and potentially unfavourable to the incumbents the first option was unsuitable. The most plausible option left was to raise the transaction costs of opposition and to ultimately eliminate the opposition altogether (Rimmer, 1992). In Ghana the transaction costs of opposition were pegged so high that it became practically impossible for the opposition to partake in the policy process. The consequences of this on real estate policies would be established shortly.

This was realisable by transforming the multiparty democratic colonial political legacy in which transaction costs were relatively low to a single party system in

which the opposition faced virtually all the costs of consensus building. To achieve this goal, in the 1960s and 1970s most countries in sub-Saharan Africa transformed their political systems from a pluralists multiparty system to a monopolised one party system. Such was the concern for policymaking power that during this period, thirty-two of the fifty-four African countries converted from a multi party political system to a single party political system (Bratton and de Walle, 1997). By the end of this conversion period, power to enact policy became almost exclusively concentrated on the incumbent with all opposing forces and pressure groups substantially cordoned off the policy process.

Ultimately in countries such as Ghana, this was achieved by removing the constitutional provisions that mandated decentralized government structures, followed by rapid expansion of presidential powers in tandem with the removal of constitutional checks on the executive branch of government and then the imposition of a one party state (Daddieh, 2001). Nevertheless, this path to the single party state was rugged. The process commenced by discrediting political opposition. Indeed political opposition was viewed as despicable (Hameso, 2002). In Malawi the leadership argued: "there is no opposition in heaven. God himself does not want opposition – that is why he chased Satan away. Why should Kamuzu have opposition?"(Decalo, 1992, p.10). Chinua Achebe painted the picture of the conversion process in Nigeria more succinctly as: "all argument should cease and the whole people speak with one voice and that any more dissent and argument outside the door of the shelter would subvert and bring down the whole house" (Achebe, 1967 ,p. 37). These were only to prepare the ground for what was to come. Transaction costs of opposition were to be explicitly heightened. The costs of opposition in some countries eventually became literally equivalent to the price of human life and to incur it meant to choose death in place of life. In Ethiopia opposition was met with physical elimination and liquidation (Hameso, 2002). In Ghana, the process was more dramatic and extraordinary and in the event it led to the promulgation of land laws whose concealed agenda was to crush the opposition. Paradoxically these land Acts continue to form the thrusts of land policies in Ghana. The Ghana case is peculiar and needs further elaboration.

4.4.3 Single Party Politics and Real Estate Policy Perspectives in Ghana

Nkrumah, the first Prime Minister of Ghana, devoted the first nine years of his administration to eliminating the opposition (Card, 1975). At the time of independence, the main leaders of the opposition, the professional elites, had strong family or lineage ties with the Chiefs in Ashanti and Akim-Abuakwa communities of Ghana (Card, 1975). Chiefs were by custom political leaders of their respective communities as well as the custodians of all the land resources of their respective communities. They thus commanded great influence. Meanwhile their elevated status during the colonial era (Noronha, 1985) placed them in the position of parallel opposing political power (Bretton, 1967; Rimmer, 1992; Firmin-Sellers, 1996). Given the land resources they controlled, the lineage ties that the Ashanti and Akim-Abuakwa Chiefs had with the main political opposition parties and the parallel political power they present, they represented an important obstacle to the socialist's agenda of Nkrumah. Nkrumah could thus make meaningful headway only if the manoeuvres of the chiefs and their allies could be quelled or at least make it too costly for them to engage in policy making or even to lend financial or other supports to other opposition organs. Nkrumah vowed to make sure that some of those who constituted the main obstacle would runaway and leave their footwear behind (Kasanga, 2002). Nkrumah pursued this agenda by first infiltrating customary law and practices with politics. During these periods, there were rampant destoolment (removal) of chiefs that were known sympathisers of the opposition in Ghanaian communities such as Kade, Abodom in Akim- Abuakwa (Ghana, 1959). These were followed up with legislation to remove for instance the Offinsohene (Chief of Offinso) to a place 30 miles radius from his state while the Gyasehene of Akim Abuakwa was banned from the state and ordered to stay 60 miles away (Ghana, 1959).

As a follow on, five years ahead of the launch of Nkrumah's first Seven Year development plan and barely a year after formal independence, Nkrumah launched an arsenal of enactments aimed evidently at crushing the opposition. Amid the series of enactments to crush the opposition, ranging from the Preventive Detention Act, under which some opposition members were jailed without trial and The Sedition Act and the Criminal Act, which provided for the

death penalty for political crimes without trial by jury were two land Acts. These land Acts were the Ashanti Stool Lands Acts of 1958 and the Akim Abuakwa (Stool Revenue) Act of 1958. These Acts indeed heightened the transaction costs of the chiefs and the opposition as it essentially took away the fiduciary role of the affected Chiefs over their land and thus stripped them of stool land revenue. Stool land revenue were alleged to be the main source of finance for the opposition. Such was the priority attached to these land Acts that they were enacted under certificate of urgency. The motion for the Akim Abuakwa (Stool Revenue) Act, 1958 bill presented a telling example. The then Minister for Local Government in presenting the bill to parliament for debate and enactment into law stated as follows:

> Notwithstanding anything contained in the Standing Orders of this House if by 11.45 a.m. today the motion for the second reading of the Akim Abuakwa (Stool Revenue) bill has not been disposed of Mr. Speaker do put any question necessary to dispose of it. That the Committee stage be taken immediately after the second reading; that if by 12:40 p.m. the Committee stage has not been disposed of, the chairman do put any question necessary to dispose of it and report the bill forthwith; and that if by 12:50 p.m. the motion for the third reading has not been disposed of Mr. Speaker do put any question necessary to dispose of it (Ghana Parliamentary Debate, 1958).

By this time the Criminal Acts that came along as a package with these land enactments had almost made opposition equal to accepting to be jailed or even killed. Such a high transaction costs was evidently unbearable and the opposition could hardly subject the Act to any scrutiny. The Act was thus passed by parliament in an hour and a half unexpurgated. Subsequently these Acts together with other succeeding Acts relating to Stool lands were eventually consolidated under the Administration of Lands Act, 1962. Under this new Act the principle was expanded to cover all stool lands in the country. This Act is presently in force and termed the "vesting policy" in Ghanaian parlance. The accomplishment of

these vesting policies in Ghana has been phenomenal. They vest virtually all the ingredients of property rights in the affected stool lands in the government of the day for redistribution.

The rights expropriated from the affected stools include the right to: (1) possess (2) use (3) manage (4) alienate (5) security of tenure (6) bequeath and (7) mortgage. Table 4-1 depicts the Stool lands affected by the vesting policy in Ghana so far.

Table 4-1: Stool Lands Vested in the Government of Ghana

No.	Location	Region	Instrument	Date	Size
1	Stool Lands in Koforidua	Eastern	E.I.195	1/11/61	19.47 km²
2	Stool Lands in Nkawkaw	Eastern	E.I.195	1/11/61	n/a
3	Efutu &Gomoa Ajumako Lands	Central	E.I. 206	21/11/61	n/a
4	Kumasi Part 1 Lands	Ashanti	Act 123	14/06/62	24.55 km²
5	Winneba	Central	E.I. 83	6/6/63	I mile radius
6	Accra-Tema	Greater Accra	E.I.108	18/9/64	n/a
7	Inchaban	Western	E.I. 28	20/07/98	n/a
8	30 Stool Lands in Brong Ahafo[3]	Brong Ahafo	E.I.46	18/2/61	n/a

Source: Field survey- compiled from the records of the Lands Commission, Ghana.

In its current form, the policy gives the government direct control over all incomes from the affected Stool lands as well as non-affected Stool lands in the country. To this extent Stools in the country have legal rights to only 22.5% of all revenue from Stool land transaction. That is to say 77.5% of gross stool land revenue (capital and or rental) is deducted at source almost as tax. In this context it is unclear the sense in which Asiama (1990; p.247) argues that the vesting policy "leaves ownership substantially in the landowner's hands".

The Act actually made government through its agencies the managers of these affected stool lands and are empowered to allocate these lands to potential developers without reference to the expropriated owners and at the discretion of the officials in charge. These lands are allocated on leasehold basis at about 90%

[3] The affected stool lands include: (1) dormaa (2) Nsoatre (3) Sunyani s (4) Fiapre (5) Odumasi No. 1 (6) Awua Dumasi (7) Acherensua (8) Hwidiem (9) Kenyasi (1 & 2) (10) Ntrotroso/Gyedu Wamahinso (11) Mehami (12) Goaso (13) Kukuom (14) Mim (15) Kasapin (16) Akrodie (17) Sankore (18) Ayomso (19) Pomaakrom (20) Seikwa (21) Nchiraa (22) Manji (23) Bredi (24) Branam (25) Subinso (26) Nsawkaw (27) Offuman (28) Tanoboasi (29) Booyam (30) Techiman.

rental subsidy. Thus, as a bi-product of this Act it made it possible for benefits by way of land allocation to be concentrated on the privileged few beneficiaries of the allocated lands at the expense of the expropriated owner and a larger segment of the non-benefiting Ghanaian taxpayer. It is now well established in the literature that the main beneficiaries of lands under these policies are the top civil servants and influential figures in the Ghanaian society (Asiama, 1990; Antwi, 2000). To underscore the full repercussions of this Act thus it is pertinent that the costs imposed on landowners and the taxpayer as well as the benefits from the management of the revenue and the allocation of these lands is ascertained.

Nkrumah's particular interest in crashing the Chiefs to gain exclusive control over policy making has led to these policies that discriminated against Stools as opposed to family, clan and individual land owners, imposing costs on them. Apart from regulating their incomes, Nkrumah enacted policies that subjected Stool land transactions only, to government surveillance and scrutiny. This regulative policy is referred to in Ghana commonly as "Concurrence policy" which was fashioned along the lines of the recommendations of the West African Lands Committee. This can be explained in the light of the reasons for enacting the vesting policies against the Stools. The concurrence policy has now been given constitutional assent in Article 267 (3) of the 1992 constitution though with somewhat of a different slant towards land use planning.

By this time, the costs of opposition had been made practically unbearable and real opposition had vanished from the scene (Card, 1975). Nkrumah thus could now pursue the socialist's agenda, which as mentioned was itself motivated by the need for self-aggrandisement (see further Card, 1975; Killick, 1978). An important land policy that underpins socialism is the policy that gives unhindered access to land (Buchannan, 1999). The colonial policies on expropriation was adequate as it had enough safeguards against abuse of government powers in compulsory acquisitions and unfairness in the acquisition process by insisting that all government acquisition must receive certification by the Courts. This however was too constraining for the Nkrumah regime as it made arbitrary use of power in the manner envisaged under Nkrumah's socialist's agenda practically impossible. This meant that the transaction costs of implementing socialism in Ghana by the one

party regime was high entailing the payment of compensation for every piece of land required for socialists production and development agenda or risk hostilities and revolts from the populace. The conundrum that such high transaction costs presented was made explicit in the speech by Nkrumah in launching the seven-year development plan (1963- 70). Nkrumah notes:

> ...the state will be controlling on behalf of the community the dominant share of the economy. This would have been accomplished without ever having to resort to such expedients as nationalisation, which if carried out with full compensation would only change the ownership of the means of production...and if carried out without such compensation would inevitably incur such a large measure of hostility as to make our development plans very much more difficult to achieve (quoted from Larbi, 1995, p.42).

With the costs of overt nationalisation clearly unbearable to the government a clever and subtle approach to nationalisation had to be found if socialism was to succeed. This meant that a new law was required that offered reduced transaction costs in state land acquisition. The State Lands Act, (Act, 125) of 1962[4], was thus passed. The memorandum to this Act betrays the true intents of this policy. It established that:

> The bill dispenses with the need to obtain a certificate from a court to effect vesting of land in the republic, and provides that a declaration by the president shall constitute the vesting instrument.

Though this Act did not specifically exempt the state from compensation payments, the requirement for compensation payment under the law has been so spuriously contrived to make compulsory government acquisition without compensation legally possible. Under this policy it became possible to divorce

[4] Other expropriation laws such as The Lands (Statutory wayleaves) Act, (Act, 186) of 1963 and the Public Conveyancing Act, (Act, 302) of 1965 were also enacted by the regime along similar lines though they have been used infrequently as compared to the State Lands Act.

compulsory acquisition from compensation in such a way that it was possible for government to acquire land and use immediately and pay the compensation at a time of their choosing. Apart from the lack of interest payment on delayed compensation payments which is a serious problem in a country where inflation and poverty are endemic, it has been possible under this Act for government to place embargo on compensation payment altogether since 1973 (Larbi, 1995). Thus while all expropriation under the colonial policies were paid for, there is an estimated unpaid compensation figure of over 800 billion Cedis as at 2001 (Kasanga, 2002).

Thus during the era of single party political economy, the regulatory and distributive policies started by the colonial autocratic state became widened and strengthened even in countries where due to local oppositions the colonial governments took a more cautious approach to land policy. The policies have also established a culture in which the distribution of vital resources including land during this era became the preserve of the dictatorial regime through coercion rather than consensus (Hameso, 2002). Thus with soaring transaction costs of opposing looming large in the sub-Saharan African policy process, the policies that emerged during this era were those likely to serve the parochial interest of their originators at the expense of the wider society. What is more disquieting is that the policies enacted during this era have proved immutable and they continue to dictate real estate market proceedings in these sub-Saharan Africa. Nonetheless a more far reaching consequence of these political regimes is the insurrections and military takeovers that they engendered.

4.4.4 Military Regimes

Events of the single party regimes engendered much anxiety among the citizens who had anticipated much welfare gains from the achievement of independence (Sender & Smith, 1986). If transaction costs were low, political opposition and pressure groups with the right incentives would emerge to present alternatives and compete for power. This would have led to a change of government at the next elections or even a vote of no- confidence. However, given that in most of these countries transaction costs of doing that had been made almost unbearable and that this had culminated essentially in the criminalisation of opposition, it was

impossible for such a process to emerge. What followed was predictable. If frustration, dissatisfaction, and grievances are sufficiently prolonged or sharply felt, aggression is quite likely, if not certain to occur (Gurr, 1993; 2003). This may have instigated a spate of military takeovers through force and violent means on the continent. Thus a culture of transfer of political power by force in the form of military coups, brutalities, warfare, insurrections, mutinies, severe riots and significant political assassinations (Zolberg, 1968) became the least expensive option. Such was the spate of force power transfers in Africa under this era that between 1960 and 1985, there were one hundred and thirty one attempted coup d'etats in Africa of which sixty were successful and three countries had experienced six successful military coups (Bratton and de Walle, 1997).

Out of the fifty-four independent African countries, only 6 have not experienced attempted or successful coups since independence (Bratton and de Walle, 1997). By 1970, half of the independent African countries (all of which stated as multiparty democracies) had military governments installed through military coup d'etat (Bratton and de Walle, 1997). The costs of opposition in these regimes became even more unbearable than the two earlier models: colonial and single party regimes, discussed above. As Chauveau (1997) noted in the case of Ivory Coast, the state could choose at any time to invoke its overreaching rights and did not hesitate to enforce its wishes with threats of imprisonment if necessary when it was challenged.

Policies thus became what the sovereign desired and not necessarily, what was good for the country. Like the previous autocratic regimes, the real estate policies enacted took two main forms, (a) those that gave the government of the day the rights to redistribute land resources by taking landownership away from the indigenous owners and (b) those that regulated the free trade of real estate commodities. An example of (a) is the case of Nigeria, where, like Ghana the colonial government could not confiscate land in view of opposition, the then military regime successfully enacted the Land Use decree of 1978, which was subsequently incorporated in the constitution of 1979 and 1999 respectively of Nigeria. The decree required certificates of occupancy to be obtained from the government for land held under customary and statutory rights and the payment

of rent to the government. In another instance, one of the fundamental results of the Ethiopian Revolution was the nationalisation of all urban lands without compensation under the Government Ownership of Urban Land and Extra Houses Proclamation (No. 47 of 1975) (Asiama, 1990, p.242). In addition, in countries such as Ghana, at the time of the military interventions policies existed and continue to exist that gave the government virtually free rights to bring any land in the country under their control for redistribution. Many more lands were thus confiscated under these policies. By the end of these military interventions twenty out of the forty countries in sub-Saharan Africa had nationalised lands and vested in the respective governments the power to redistribute these lands (see Mabungunje, 1989). These policies were passed without much opposition in view of the prevailing soaring costs of opposition.

Though much of the regulatory land policies enacted under the previous regimes remained in force, some regimes had need to enact some more. For instance one of the fundamental outcomes of the 1966 military interventions in Ghana by the National Liberation Council (NLC) was the promulgation for the first time in the country of a regulative land policy that discriminated against foreigners. The policy, which has now been given constitutional backing under Article 266 of the 1992 constitution of Ghana, restricted the length of time foreigners could own land in the country at any particular time to fifty years. This policy came as part of a range of discriminatory policies by the regime, which proscribed foreign investors from engaging in business activities such as, retail and wholesale trade below certain turnover, taxi and trucking services, produce brokerage, baking, printing and manufacture of cement blocks (Card, 1975). The motive behind this policy appears to have been to prevent foreign competition in particular areas of the economy as a way of propping up local entrepreneurs to take up the running of the economy and to safeguard the country against piecemeal colonisation. Yet it imposed significant restrictions on the rights of landowners in the country to free trade. Also during the 1981-1992, military intervention led by Ft Lt Rawlings in Ghana, the right of chiefs to grant freehold rights in land even to usufruct owners who wants documentary evidence of their holding was taken away by the government under article 265 of the 1992 constitution of Ghana. These laws have

significantly attenuated the rights of indigenous land owners and could be festering poverty.

4.4.5 Emergent Democratic Regimes

After a long period of monopolised policy process and high costs of opposition, there was from 1985 a general trend towards democratisation of the policy process in sub-Saharan Africa. It was envisaged by the proponents of democracy for Africa, namely the World Bank and other international development agencies that such a policy process would entail much lower transaction costs and formidable opposition would emerge to provide a check on the arbitrary use of government power over the years. In truth if this happens one expects that real estate policies will move towards redressing true market failures and excessive transaction costs. Inefficient policies would also be recalled to pave the way for the efficient functioning of real estate market. Thus understandably the move was greeted with great optimism. For Nzongola-Ntalaja (1997, p.9) writes, "Since 1988, the people of Africa have risen to replace one-party and military dictatorships with multi-party democracy. From its violent outbreak in October 1985, in the street of Algiers, this new social movement for democracy has manifested itself all over the continent, changing the rules of the political game and bringing about meaningful reforms in the institutions of the post-colonial state".

After more than a decade of democracy experimenting in Africa, very little improvement has been achieved particularly in the real estate policies environment. Rather, much of the autocratic policies enacted to crush the opposition and to impose restraints on opposing forces have now received constitutional backings. Large state institutions and bureaucracies have been established with full complement of staff and annual budgets to enforce policies that were ad-hoc measures to raise the transaction costs of political opposition.

The question then is why has democracy failed to achieve any meaningful outcome as envisaged? Some argued that, multiparty politics is not the best fit for Africa where socio-political structures and potent identification are more of ethnicity and less of classes (Hameso, 2002). Others such as UN Secretary General Kofi Annan have dismissed this idea as unfounded as the African culture admits

of consensus building in decision making. Employing some of the insights of the discussions above it would appear that democracy has failed to yield a better outcome because transaction costs of organising and maintaining viable opposition still remain high in most African countries despite the installation of democracy in these countries. Most of these so-called democracies are thus operating essentially without opposition. This has led to the emergence of despotism in democratic systems. Virtually all the then military regimes in countries such as Gambia, Guinea Bissau until the downfall of Nino Viera, Guinea Conakry, Burkina Faso, Niger under Maina Sara, Chad, Togo, Ghana, Egypt, Libya, Mauritania, Sudan and Madagascar metamorphosed quickly to become civilian governments (N'Diaye, 2000). In addition those who also gained monopolist control over the political system through civil wars and mutiny as in Liberia, Ethiopia, Uganda, Mozambique, Angola and Zimbabwe managed to get themselves elected as democratic leaders. Yet these leaders have openly declared their discomfort with democracy as a decision making process. Many of these governments have locked in on power and would do anything to remain in power. It was logical to expect these leaders to find a way, if possible, to circumvent the transaction costs that they were not used to and to maintain a high transaction costs structure for the opposing forces. These leaders had one important opportunity to accomplish that. Being the "last" autocratic regimes, the onus of drafting new constitutions for the incoming democracies was on them. This offered them the opportunity to set the "rules for the game". Many of them took advantage of this opportunity and entrenched the policies that heightened the transaction costs of the opposing forces into the new national constitutions. In Ghana for instance all the previously enacted land Acts to crush the opposition, namely the vesting policy, and the concurrence policy together with the socialists' motivated policies found their way into the national constitution. The Nigerian Land Use Act of 1978 enacted by the military regime to nationalise all lands in the country also found its way into the 1999 Nigerian constitution. Casting these policies in national constitutions meant that, the opposition and subsequent administration had huge transaction costs to confront if they wished to reform these policies.

Though democracies in Africa bear substantial traits of a democratic system as known in theory (see Dahl, 1989; Przeworski, 1991; Valenzuela, 1992) very little changes have occurred in land and real estate policies. The new additions to land policies during this era include the spate of land redistribution programmes initiated in Southern African and some Eastern African countries to confer on the state the power to redistribute land resources with the view to reducing inequities in landownership (Quan, 2000). Substantively however, land and real estate policies have remained largely the same as pertained under the previous despotic regimes. Government retain a large measure of power to redistribute land resources and regulate the activities of land market participants. These policies have come about because of a severe imbalance in the distribution of power occasioned by the prevailing high transaction costs in the African policy environment.

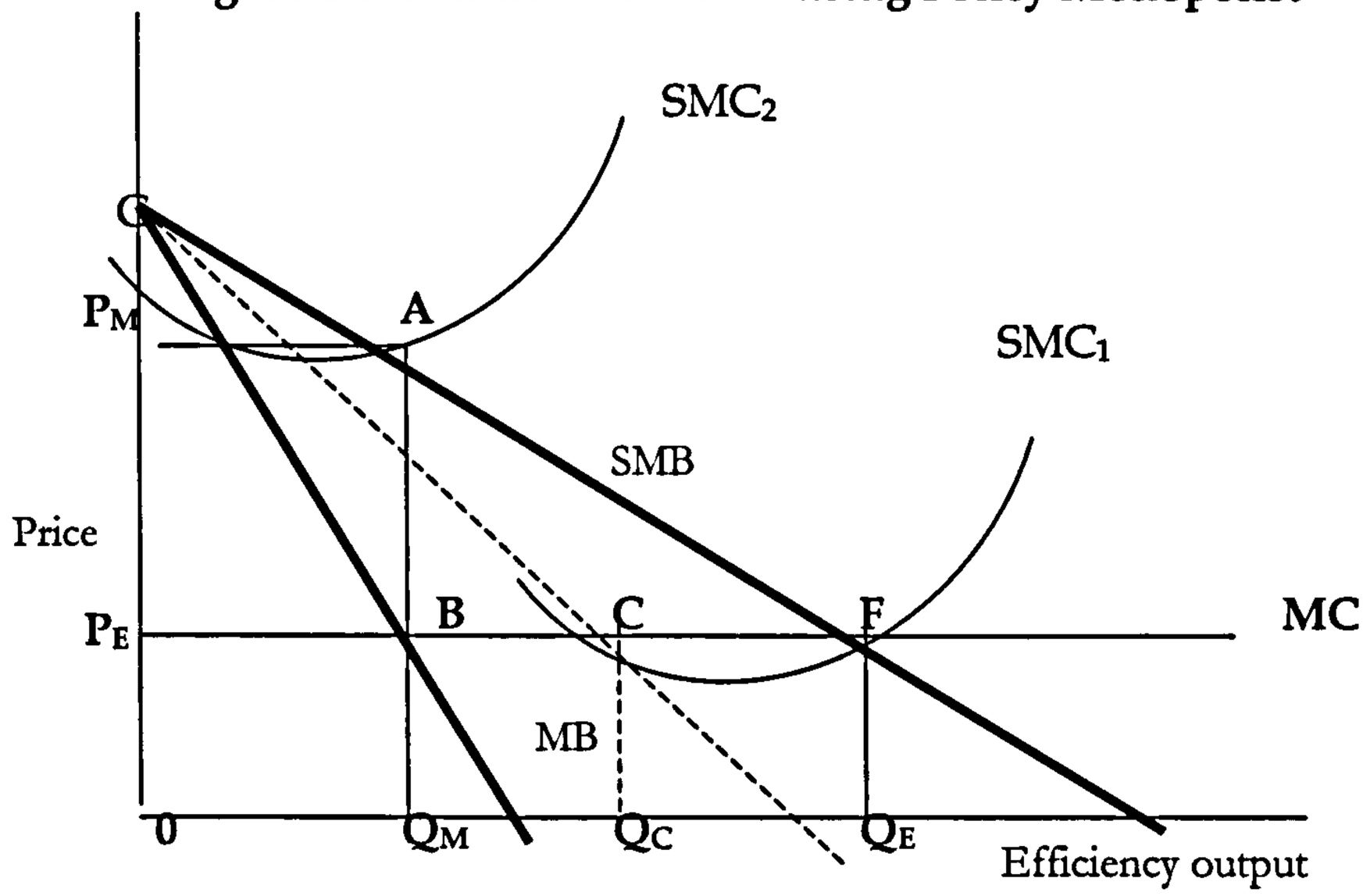
It is established from the above that the policy process of SSA out of which real estate policies have emerged are invariably monopolised by incumbent political forces. It remains to be understood the actual social costs that such a monopolised policy process could be imposing on society. This is considered in the ensuing section.

4.5 THE SOCIAL COSTS OF A MONOPOLISED POLICY PROCESS

Economic rationality suggests that policy actors are self-interest maximizers whose prime concern is to increase their personal gain from policies (Downs, 1957). The impact of this rational behaviour of monopolist in the policy environment can be illustrated in Figure 4-1. In Figure 4-1take the y-axis to represent the price of policies and the x-axis to represent the efficiency policy outputs. MB, MC, SMB and SMC represents the marginal benefits of policy to the monopolists, marginal costs of policy to the monopoly policy actor, the social marginal benefits of policy to society and the social marginal costs of policy to society respectively. Q_C denotes level of efficiency at which an unregulated real estate market is allocated resources whiles Q_E represents the optimal expected efficiency output of the concerned real estate market in Pareto sense. In a well functioning policy process with relatively low transaction costs policies will be devised through competitive negotiation to push the market equilibrium from its temporary or initial location at

point, C, towards the optimal location, F. At this point the highest level of efficiency in policy formation is obtained at social marginal costs, SMC_1 that equates the social marginal benefits, SMB derived from the policy.

Figure 4-1: Self Interest Maximising Policy Monopolist



Meanwhile the marginal costs $0P_EFQ_E$ incurred by the monopolists in securing policy efficiency at this level exceeds the marginal benefits $0P_EBQ_M$ gained. Given the incentive structure of monopolist, self-interest maximisation will lead policy monopolist to choose policies that ensure that their private marginal benefits from the selected policies do not exceed their private marginal costs. Since such policies are expected to ultimately maximise the interest of the incumbent monopolist they will be chosen such that the costs of the policies to them does not exceed the benefit they expect to derive from the policy.

Thus, policies under monopolist are likely to occur at point B in Figure 4-1 above where MB is the private marginal benefits expected to be derived from the policy by the monopolists. At this level the efficiency outcome of such policies are likely to fall short of what the market on its own would have produced, which would be say Q_M. In the figure, the height of the marginal cost curve represents the social opportunity cost of the resource expected to be used in achieving efficiency output level Q_E. Yet, whiles the true economic worth of resources likely to be employed to achieve the inefficient monopolist output level Q_M is $0P_EBQ_M$ the costs of inefficient behaviours of monopolists which is referred to as X-inefficiency in the economics

discourse is likely to lead to, the use of expensive methods, lack of control and checks on the use of resources. This wasteful attitude of monopolist will force social marginal costs up from SMC_1 to SMC_2. This implies that under a self-interest monopolist policy environment as in SSA, policies enacted will most likely incur overall costs of $0P_MAQ_M$ (which is > $0P_EBQ_M$) to generate an even inefficient output of Q_M. Thus conceptually the difference between $0P_MAQ_M$ and $0P_EBQ_M$ represents the potential net social costs of real estate policies enacted under the various monopolist regimes in SSA. This in itself creates a "dead weight" loss represented by triangle ABF.

Transaction costs and economic rationality insights discussed above show that once such policies are evolved, regardless of their economic damage to society it is improbable or at best very difficult to recall or even reform them. This is because in the first place these policies came through because the transaction costs associated with their subversion was too high. Yet, since they offer the monopolist policy actor maximised utility, the monopolist has greater incentive to retain the policy than to do otherwise. When the monopolist regime that enacted those policies are removed and replaced by another monopolist policy actor, since African policy monopolist's exhibit similar incentive structure, these policies are likely to become convenient tools with which they can maximise their utility. They are thus unlikely to recall such policies. In fact, if at the time of their assumption of office the benefits that are offered under those policies have been depleted by the previous regime, they are more likely to widen the remit of the policies or even pass new but similar laws so that more benefits can be obtained.

What is more disquieting is that even when the monopolist regimes are replaced by a regime that is mindful of the economy and wishes to reform these laws for better economic gains, the challenge may not be that easy because of the huge associated transaction costs. The relevant transaction costs in this case comprise the costs of providing information to convince the general populace of the need for the reform, the costs of seeking agreement on the way forward and more importantly the costs of convincing and seeking the consent of the existing body of beneficiaries some of which may be the clients of the incumbent, to consent to the reform of the policies. This existing body of beneficiaries include politicians,

bureaucrats, interest groups, clients, the influential and powerful in society among others. It is likely that such consent may not be forthcoming leading to the continuous existence of inefficient policies even in "democratic" systems.

Having understood conceptually the social costs that monopolist devised real estate policies can bring to bear on society, it is crucial to substantiate this assertion through empirical measurements. In doing so it is important that the various strands of real estate policies that have materialised from these policy regimes are bunched up into suitable classes that will aid their efficient evaluation. To accomplish this next section concentrates on the formulation of taxonomy of real estate polices for sub-Saharan Africa that will facilitate this empirical evaluation exercise.

4.6 TOWARDS A TAXONOMY FOR SUB-SAHARAN AFRICA REAL ESTATE POLICIES

The most commonly encountered classification of sub-Saharan Africa real estate policies in the existing body of research (Asiama, 1984; Kasanga, 1990; Brobbey, 1991; Platteau, 1992; Larbi, 1994; Larbi, 1995; Sjaastad Espen & Bromley Daniel W, 1997; Quan, 2000; Okoth-Ogendo, 2000; Hatch Associates, 2002; Deininger, 2003) is in terms of broad labels or stated purposes such as Land Titling Policies, Deeds Registration Policies, Compulsory Acquisition Policies, Land Use Policies, Zoning Policies, Expropriation Policies and so on. Such classification provides a way of subjecting policies to individualistic and detailed scrutiny. However, this approach is convenient to policy specific or micro level analysis. The approach becomes simply unwieldy at the macro level, the level of analysis envisaged by this Chapter. For instance, Ghana alone (1 out of 40 sub-Saharan African countries) lists about 166 pieces of real estate policies in the 1999 land policy document of Ghana. The use of the conventional classification does not offer much help for macro level analysis. Indeed most research works that have followed this classification have always suffered from in-exhaustiveness. For instance, Quan (2000) could only deal with Land Title Policies and Land Redistribution Policies in sub-Saharan Africa.

Furthermore, reliance on the purpose specific classification is fraught with some technical limitations. Some of these limitations include (a) the variability of language and the multiplicity of meanings that could be associated with certain

words used in particular policies, which may even be subject to change at different times and contexts, introduce significant ambiguities and uncertainties in identifying the true purpose of policies from its literal construction. (b) As Slapper and Kelly (2001) points out, owing to the generality in the application of policies, they are invariably written in a way that ensures they can be effectively applied in various circumstances without the need to detail those situations individually. This means that in practice it may be common to find ambiguities in the literal provisions of particular policies regarding how the policy envisaged that particular situation would be dealt with when they arise some time in the future. (c) As Lindblom (1977) has always maintained, policy elites prefer not to be precise in defining the goals of policies so that they can muddle through in the course of implementation to suit their changing personal ends. The Administration of Lands Act of 1962 of Ghana (discussed above), which empower the state to manage Stool and other lands in the country is a case in point. The Act made no attempt to define what constitutes management and left that decision in the hands of bureaucrats to determine from time to time. In addition, in Ghana what constitutes "public interest" under the country's acquisition policies remains ill defined and uncertain (see Larbi, *et al*, 2004). Reliance merely on the literal provisions or labels of policies for classification and any analysis thus may be fraught with formidable impediments, which could lead to, misleading conclusions.

It is accordingly indispensable in seeking to understand the true economic impacts of particular policies, to go beyond the stated purposes or labels of the policies themselves to explore how the policies have actually been employed in practice. It is only in understands how the policies have been used in practice that meaningful examination of their impacts can be ascertained. This forms the basis of the taxonomy devised in the next section.

4.6.1 The Taxonomy

As discussed above, the taxonomy is based on the substantive way policies have been used in practice rather than their stated literal purposes. It has been illustrated in Section 4.5 above in general African policy makers have been concerned with the maximisation of two main utility variables namely: (1) security

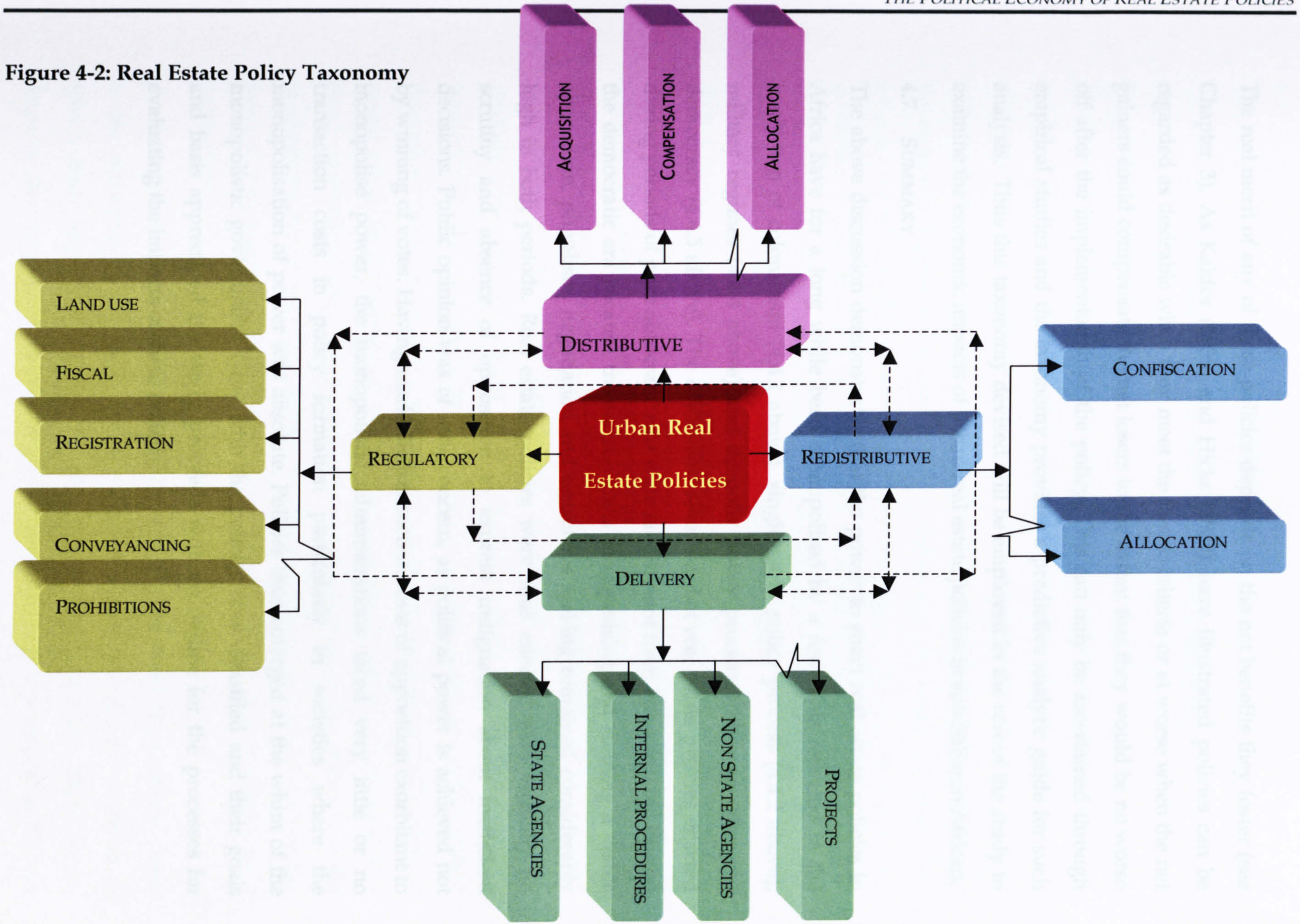
of tenure and (2) personal aggrandisement and the maintenance of strong client relationships. It is thus argued that the policies they enact whether in the field of real estate or any other area will be those that will enable them to maximise these variables. Enacting policies and laws that constrains and regulates the activities of those whose activities are considered threats to their security of tenure for instance can accomplish the first variable. These policies render such people and their activities helpless and ineffective thereby posing very little threat to their security of tenure. This class of policies will hereinafter be referred to as *Regulative policies*. In the real estate field, this regime of policies encompasses all policies enacted to regulate the activities of market participants such as land use policies, Conveyancing and documentation policiës.

The second utility variable can be maximised by enacting policies that will legitimise the distribution of material favours to themselves as well as their clients. Such policies will give the incumbent free access to the largesse of the state, which they can distribute to their clients in exchange for political support. In the real estate sector, this can take two main forms. Firstly, the government could acquire land and real estate resources on payment of full compensation for distribution. These classes of policies are herein after referred to as *Distributive policies*. In another vein, the government could confiscate or nationalise land without the payment of full compensation for distribution. Such policies are herein after termed *Redistributive policies*.

Based on this analysis it can be concluded that real estate policies in sub-Saharan Africa fall into three main categories: (1) Regulative policies; (2) Distributive policies and (3) Redistributive policies. However, since the definition of policies offered in section, 4.2 above comprise policy implementation; the institutional frameworks together with their internal procedures established to enforce these three main policies is considered a fourth category of policy and will hereinafter be referred to as (4) Delivery policies. This is shown diagrammatically Figure 4-2 below.

It is worthy of note that in this taxonomy the potential concentration of costs on a few under any policy does not necessarily make the policy unwise nor does widely diffused benefits necessarily justify the policy (See Lipsey, 1993, p.410).

Figure 4-2: Real Estate Policy Taxonomy



The real merit of any of these policies depends on the net benefits they foster (see Chapter 3). As Kaldor (1939) and Hicks (1939) have illustrated policies can be regarded as desirable when they meet the Pareto criteria or at worse when the net gainers could compensate the net losers to the extent that they would be no worse off after the implementation of the policy. This can only be ascertained through empirical studies and the taxonomy provides a predictive analytic guide for such analysis. Thus this taxonomy devised will be employed in the rest of the study to examine the economic impacts of urban real estate policies in sub-Saharan African.

4.7 SUMMARY

The above discussion demonstrates that the power to enact real estate policies in Africa have for a long while been monopolised by a few. This reflected in the institution of colonialism (4.4.1 above), single party policy process (4.4.2 above), military regimes (4.4.4 above) and despotic policy process within an emergent democracy (4.4.5 above). The discussion revealed that real estate policies enacted during periods of pure autocratic rule were no different from those enacted during the democratic era because transaction costs in organising and running a viable opposition, pluralism, negotiation and consensus seeking remained considerably high in both periods. Real estate policies were thus enacted with virtually no scrutiny and absence of opposition to express indignation about inefficient decisions. Public opinion was of little concern, as political power is achieved not by winning of votes. Having made the transaction costs of opposition exorbitant to monopolise power, the monopolistic administrations faced very little or no transaction costs in policy formation particularly in societies where the monopolisation of power was absolute. Policies thus emerged at the whim of the monopolistic government. Now with the policies now classified and their goals and basis appreciated the study proceeds with an outline for the processes for evaluating the impacts of these policies.

Chapter 5

The Economic Impacts Measuring Framework

5.1 INTRODUCTION

Having addressed the first two research questions from the theoretical perspective in Chapter 4, the stage is now set to address the next three fundamental research questions namely: what is the quantitative balance between the costs and benefits of the real estate policies under review? What is the magnitude of their impacts on the economic welfare of real estate market dealers and the broad economy? And what are the relationships between the type of real estate policies as derived by the taxonomy in Chapter 4 and the scale of the economic impacts they reproduce on market dealers and the broad economy? These queries are addressed in Chapters 7 and 8 using a bespoke quantitative measuring framework.

This Chapter formulates the measuring framework employed in providing analytical responses to these research queries. In formulating this framework the Chapter also promotes greater awareness of the principal methods of economic impacts analysis relevant to sub-Saharan Africa urban real estate policies together with their potential, weaknesses as well as practical applicability in small to medium scale evaluation tasks. This judgment is made on the basis of their complexities, data requirements and associated costs. These are accomplished through a review of selected conventional evaluation methods with the view to appreciating their applicability to this study. Given the rather wide breadth of these conventional methods, judgment has been exercised in the selection of the methods for the review. The methods reviewed in this chapter are selected on the basis of their empirical applicability rather than purely on their methodological correctness.

As economic impacts of policies and interventions constitutes the foremost sinew in the economic development processes of nations so also are the methods by which these impacts are gauged (Pfouts, 1960; Liew and Liew, 1984). Policy impacts like many other social science concepts are multidimensional and hence can be perceived in several ways. It is therefore crucial for a fuller appreciation of

this discourse to specify, at the outset, the perspective from which this study perceives policy impacts. This study views real estate policy impact as the identifiable social welfare changes resulting exclusively from the introduction and enforcement of particular real estate policies. The foci of real estate policy impacts measurement are thus to (1) estimate systematically and in a methodologically consistent way the magnitude of the net change in social welfare resulting exclusively from particular real estate policies (Baker, 2000); (2) ascertain the level of accountability and efficiency in the use of resources on the part of the public institutions and staff in charge of real estate policy enforcement and (3) draw attention to important policy lessons learnt from successes and failures, to do things better in future (see further World Bank, 1998). Quantitatively, impacts are measured in terms of attributes of the policies on which numeric values can be ascribed (Lichfield, 1996). Typically such attributes are defined in appropriate units using appropriate social science and quantitative principles (Rau and Wooten, 1980). When these issues are made explicit through impact analysis they help concentrate the minds of governments and those in charge of the wealth of nations more on the outcomes as opposed to outputs from policies (Polidano, Hulme et al., 1993). An important merit of such numeric measures is that even lay economists can relate.

5.2 THE RATIONALE FOR THE MEASURING FRAMEWORK

In recent times, modelling economic impacts of exogenous interventions have become increasingly elegant among economists (Kahn, 1931; Keynes, 1936; Harberger, 1972; Baker, 2000; Harberger & Jenkins, 2002). For decades, economists in all fields have been preoccupied with developing, refining, rejecting and revising economic impacts methods (Haab and McConnel, 2003). Lewis (1988) for instance outlined at the bibliography over 400 references to published U.K. as well as significant overseas impact studies including those that dwelt mainly on methodological issues. A curious discovery however is the limited penetration of these theoretical insights into the arena of practical applications (Harberger & Jenkins, 2002) to the extent that the World Bank (see Baker, 2000, p.vi) could note: "despite the billions of dollars spent on development assistance each year, there is

still very little known about the actual impact of projects on the poor". Several reasons have been adduced for this inertia.

The most prominent is that "many governments, institutions and project managers are reluctant to carry out impact evaluations because they are deemed to be expensive, time consuming, and technically complex" (Baker, 2000). Many of the existing evaluation works have also been criticised for lack of analytical rigor (Baker, 2000). Further, as argued in Chapter 1 and 2 much of real estate policy impacts have been assessed qualitatively and hence make it difficult for lay economists to relate well to these results. It is thus imperative in seeking to obtain a more accurate and reliable appreciation of the economic impacts of real estate policies in sub-Saharan Africa that these impediments are prevailed over by formulating an appropriate measuring method that is inexpensive, less time consuming and less technically complex without compromising accuracy and reliability of results. The conventional methods are reviewed and appropriately adjusted where possible to devise such a method.

5.3 REVIEW OF THE CONVENTIONAL METHODS

Over the years economists have succeeded in developing quantitative methods for evaluating impacts of policies or exogenous changes in economic systems (see further Sen, 1968; Lichfield, Kettle et al., 1975; Haveman, 1976a; Elias, 1977; Leistritz, Chase et al., 1984; Sah and Stiglitz, 1985; Folmer and Nijkamp, 1985; Lichfield, 1996). However, these methodologies have not headed in the same direction. Whiles some have concentrated on theoretical and mathematical correctness of the model building processes and the derivation of formulae others have concentrated on the practical aspects of designating the area of impact, collecting data or finding suitable proxies and attempting to estimate the impacts (see further Lewis 1988, p.163).

Viewed from the standpoint of philosophy of knowledge claims these methods have developed along both quantitative and qualitative paradigms (Baker, 2000; Purdon et al 2001). Perceived also from the standpoint of economic theory these methods have developed along macro (see further Lewis, 1988) and micro economic (see further Haab and McConnel, 2003) realms. This review adopts the micro and macro economic classification because they provide a conceptual rather

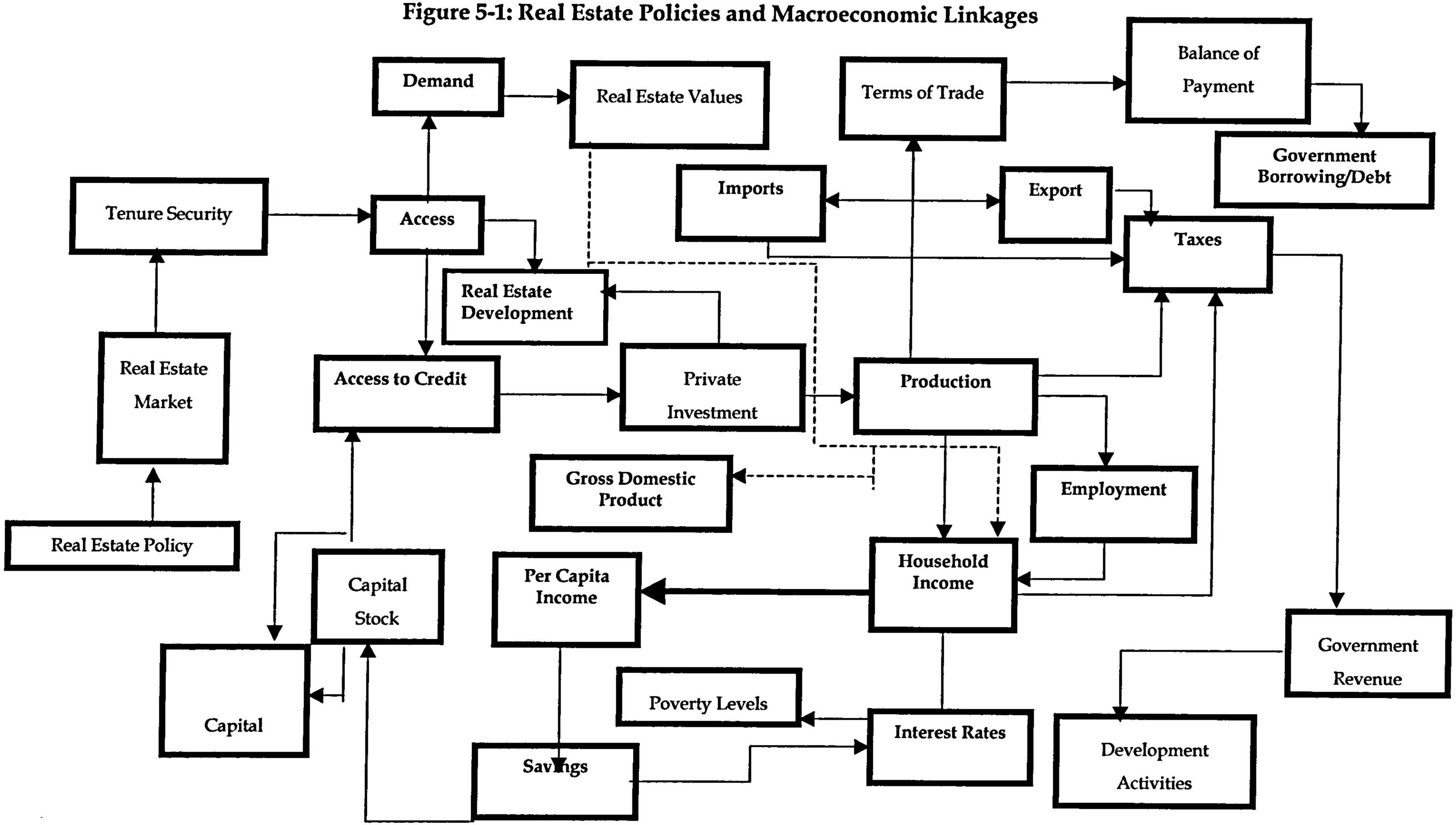
than a philosophical view of the methods and hence offer a good basis for ascertaining their data requirements, economy and complexities. The resultant model can then be positioned within appropriate knowledge claims or methodology.

5.3.1 Macroeconomic Methods

The macroeconomic methods are captured impacts of exogenous interventions at the aggregate or economy wide levels. They proceed on the fundamental assumptions that exogenous interventions such as real estate policies precipitate changes in the functioning of the applicable wider economic systems.

Real estate policies can and do have far-reaching and more complicated impacts on economic systems than currently understood. Figure 5-1 is an admittedly simplified representation of the likely macroeconomic changes that real estate policies interventions could occasion in any society. Each box represents a macroeconomic variable that is likely to be affected by particular real estate policies. Ideally, thus, the appreciation of the full economic impacts of real estate policies will have to entail the measurements and aggregation of the magnitude of changes in each affected macro-aggregates in the particular economic system. Without a doubt this by itself is unwieldy and further compounded by the fact that the individual macro-aggregates are measured in different units. The process is thus simplified using a nodal approach. In the nodal approach critical macro-aggregates that capture the resultant net changes from specific group of individual aggregates are identified and their overall net changes measured as indices of the impacts. Ultimately, it is the scale of the net changes in these critical aggregates attributable to particular policies that provide measures of their economic impacts. Traditionally these critical macro aggregates nodes include Gross Domestic Product (GDP), Employment, Interest Rates, Investment and Capital Formation and Per Capita Income among others. The task of macro-economic impact evaluation methods is thus to track and estimate net changes in these macro-aggregate variables exclusively. This is often a very complex process as policy impacts are invariably amberoid with non-policy changes in macro-aggregates.

Figure 5-1: Real Estate Policies and Macroeconomic Linkages



Trying to isolate policy specific impacts from other non-policy impacts has remained intractable and it is the end to which much of the methods and approaches under this framework have been directed. The two most widely employed multipliers both in theoretical and empirical studies are: The Keynesian Model and the Input-Output Mode (Bushnell and Hyle, 1985; Lewis, 1988; Turco and Navarro, 1993; Wang, 1997). The Multiplier concept forms the basis of these methods.

5.3.1.1 The Multiplier

The multiplier concept is an investment or expenditure based impact analysis tool, which attempts to compute the aggregate turnover of each initial exogenous capital injection into economic systems such as real estate markets. It works on the basic principle that each initial capital injection into economic systems generates multiple rounds of incomes and expenditures (Lewis, 1988). Illustratively, when say capital is initially injected into the real estate sector, portions of this go to suppliers as payments for inputs whiles portions may also go into payments for wages and salaries of the particular real estate sector labour. Portions of the profits that the suppliers make from the sales are most likely invested in expanding their businesses in response to increasing demand for real estate related inputs. This business expansion creates further jobs and profits. They thus increase the total incomes of both the suppliers and their employees. If demand for real estate exists then the ready availability of inputs for real estate production will lead to expansion of the real estate business leading to the creation of further jobs, incomes and profits. Thus with one investment total income for both real estate investors, input suppliers, real estate sector labour and employees of input suppliers increase. This increase in total income expectedly leads to increases in spending by these income recipients say on consumption goods. This will in turn generate increase demand for consumption goods, which will ultimately result in further job creation in the consumption good sector. This will also commence another round of increase earning, expenditure and job creation (see further Venieris and Sebold, 1977). The economic impacts of the initial capital injection into the real estate sector is thus the sum total of all business, economic activities, employment or income that it generates (Hughes, 2003).

The multiplier concept estimate the multiple of an initial income injection (the multiplicand) by which total income in the system changes (Lewis, 1988, p.164) and to provide estimates of how much total business or income results from an initial capital injection (see further Lee, 2001). Generally, this is estimated as the arithmetic sum of the respective amounts returned each time into the income stream until it reaches zero (Coppedge, 2003 ,p. 3). Functionally this is expressed as:

$$\frac{1}{1-[(x)(y)(z)]}$$ **Equation 5-1**

In which:

X = percentage of the new income a consumer will spend rather than save or leak out

Y = percentage of consumer expenditure made in the society

Z = percentage of business expenditure made in the society

This estimated multiplier is then multiplied by the initial investment to arrive at the overall economic impacts of that investment.

Real estate policies engender capital and income injection into an economy in two main ways. (1) (a) Direct government capital injection in the construction of say new housing units and other real estate facilities, (b) funding of annual budgets of government departments created to enforce real estate policies including the emoluments of staff of these department, administration, services and investment expenses. (2) Private sector capital injections incentivised by particular real estate policies. The sizes of these injections as well as the efficiency with which they enter the income stream to generate rounds of expenditure, business and income determine their eventual impacts. Thus if the reduction or increase in capital or income injection (the difference between potential investible capital and actual capital invested) attributable to particular real estate policies for instance can be established and tracked through the income stream the impacts of the policy can be estimated. This will be the aggregate difference between the potential multiplier effects that could have been generated had the policy not been in place and the

actual multiplier effect achieved with the policy in place. This can be estimated as the magnitude of change in the size of the multiplier attributable to particular real estate policies.

These estimations are by no means simple as the estimation of potential capital or income injection in the absence of particular policies can hardly be done with great certainty. Besides, not all receipts of newly injected incomes are necessarily reinvested or re-spent to generate rounds of business, expenditure and income. As captured by the equation above, systematic analysis suggests that in most cases only a portion of incomes may be spent within the particular economic system (Archer, 1984; Crompton, 1995; Wang, 1997). This implies that not all new income remains within the income stream to contribute to economic impacts as they no longer contribute to business creation and income generation within the particular economic system (Vane and Thompson, 1982). Portions are normally leaked out of the income stream through savings and transfers outside the particular economic system. In the case of government interventions leakages are rife. These tend to come in the form of taxes, national insurance and superannuation deductions, official and extra-legal costs of compliance with policies, diversion of resources into unproductive activities so as to comply with or enforce policies.

All these leakages would have to be established and deducted from policy induced capital or income injections into the economy before the true impacts of the policies can be ascertained. The challenge is that, not all of these leakages are explicit and calculable (see further Tullock, 1967; Niskanen, 1981). It is therefore difficult and improbable that a precise estimate of the full impacts of real estate policies can be realised. Even more difficult is the estimation of capital injections from the private sector end of the equation as well as the tracking of each of such injections throughout the income stream. In the developing world where data is highly impoverish (Flood, 1997; Baker, 2000) gathering such data will entail the investment of huge resources and time in collecting these data from primary sources.

It is thus fair to conclude that the macroeconomic methods are unsuitable for medium to small-scale impacts evaluation as intended in this study particularly in

the context of sub-Saharan Africa. Given these limitations reliance is heavily placed on the microeconomic methods in devising the model presented in this Chapter.

5.3.2 Microeconomic Methods

Unlike the macro economic methods, the microeconomic methods concentrate on the impacts of policies on individual market participants. The central organising principle of these methods is to determine as far as practicable the change in economic conditions of affected individuals attributable to the existence of the policies under consideration. This can be accomplished if the counterfactual that is the economic conditions of the affected individual prior to the introduction of the policy can be fairly and accurately estimated. Estimating the counterfactual has always been tricky in most cases simply because of the difficulties inherent in identifying and distinguishing the actual economic effects of the policies under consideration from non policy induced effects that may correlate with the outcomes (Baker, 2000). As Ezemenari et al (1999) points out "accurate and successful evaluation are those which are able to control for these effects" and are able to net out their effects from the true effect of the policy, a somewhat complex task.

Profound complexities arise when viewed in the context of real estate policies. The core of these complexities relate to the difficulties in identifying comparison or control groups required for estimating the counterfactual as, generally, the scope of real estate policies are so wide in most cases nationwide making it improbable to find comparison groups. Even with those real estate policies confined to specific groups or geographical areas, it may be practically impossible to find other identical or comparable groups or locations that are unaffected by particular real estate policies concerned. There is thus the need for a method that can circumvent the control group problem. The starting point for such a method as devised in this study is to estimate the net benefits or costs associated with particular real estate policies as felt by affected individuals. The three welfare economic postulates (Harberger & Jenkins, 2002) that form the basis of microeconomic methods are:

1. The voluntary (competitive) demand price for each unit of a good or service represents the value of that unit to the demander;

2. The voluntary (competitive) supply price for each unit represents the value placed on that unit by the supplier;

3. To obtain a measure of net benefit or costs for an aggregate of the individuals or for society as a whole, one simply adds up (across all individuals in the relevant group) the costs and benefits measured according to postulates 1 and 2;

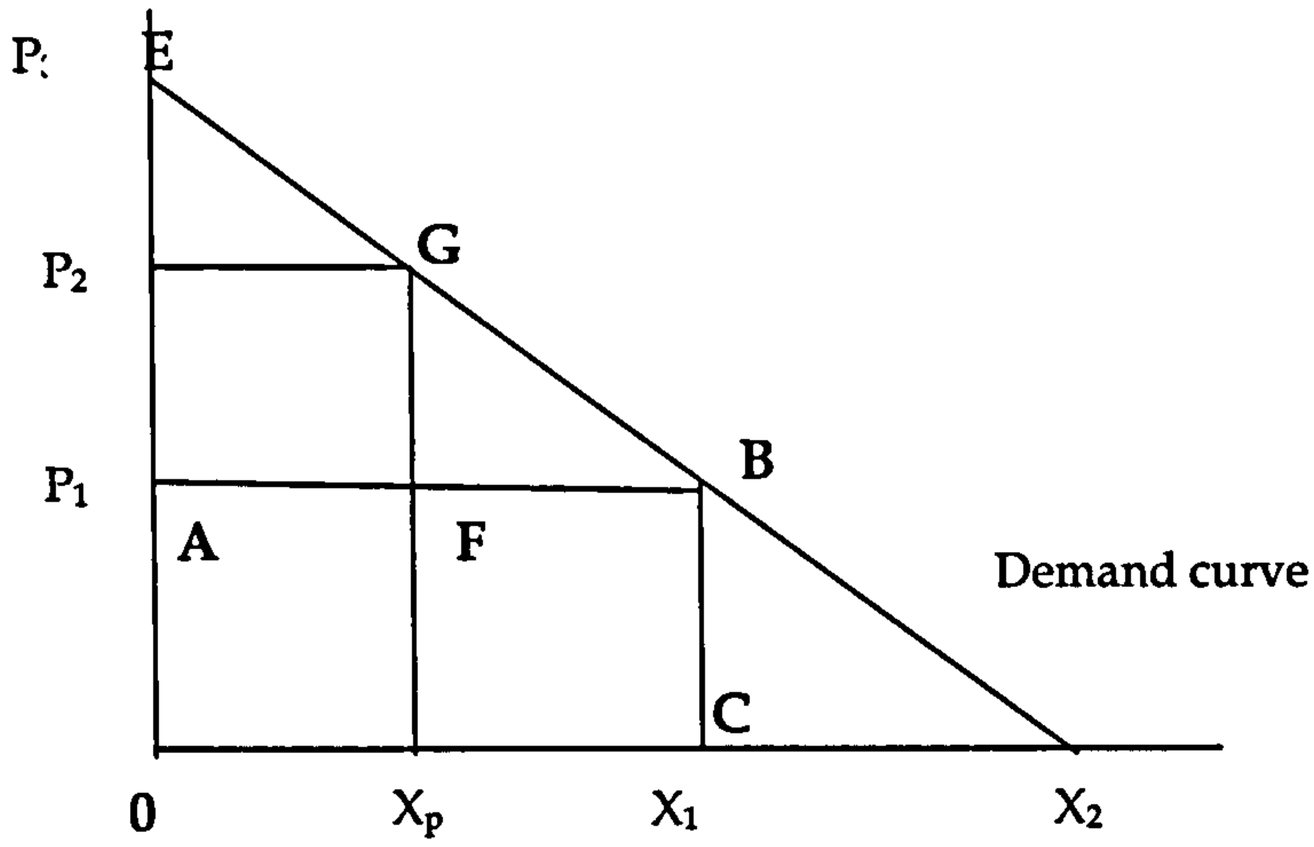
Real Estate price data are thus the prime source by which the impacts of real estate policies can be deduced. Implicit in this price data are: (a) the demand price for applicable policies; a measure of the extra social welfare benefits induced by the policy and (b) the supply price of the policy; the extra social welfare losses or costs induced by the policy. The difference between (a) and (b) represents the impacts of the policy concerned. When the resulting difference is positive, then the policy is then contributing to improving the social welfare situation. Conversely when the difference is negative the policy is contributing to worsening social welfare situation. The theoretical framework by which the difference can be computed is the cost-benefit analytic framework.

5.3.2.1 The Costs Benefit Analytic Framework

The costs-benefits framework was developed in the late 1960s and early 1970s as a technique for project evaluation which could be used across the economy (Stern, 1989b; Harberger & Jenkins, 2002). The framework has since gained wide usage among development agencies such as the World Bank (see Baker, 2000), OECD (see Little and Mirrless, 1969), DFID (see WELL, 1998) and the United Nations (Dasgupta et al (1972). The concept can be explained from the traditional demand curve.

Consider Figure 5-2 for instance as the demand curve for particular urban real estate for an individual purchaser. Take the vertical axis to represent the unit price and the horizontal axis, the corresponding quantities. The vertical axis thus represents the marginal benefits derivable from the real estate from the point of view of the purchaser. Let P_1 denote the equilibrium price of the property, which is a measure of the benefit it provides and X_1 the equilibrium quantity.

Figure 5-2: Demand Curve



Ultimately, the purchaser could afford up to the price, P_3. Yet, rationality and self-interest maximisation suggests price P_1 and quantity X_1 to be the optimal price and quantity decision point. Purchasers who operate at this optimal price-quantity point are left with surplus disposable income, or consumer surplus of size *EAB*. Since at the equilibrium point the market price, demand price and supply price equalises (see Harberger and Jenkins, 2002), the costs of real estate also equal its benefits. Thus at equilibrium and in the absence of market distortions the real gain to the purchaser it could be argued is the consumer surplus.

Any purchase above price P_1 will result in a diminution of the consumer surplus whiles any reduction in price below P_1 will also reduce the size of the consumer surplus on each unit purchased. Efficiency thus suggests that real estate policies that expands the supply price (extra costs incurred) above the demand price (extra benefits) or even contract the quantity in a way that bring demand price above the supply price are non-welfare enhancing. The key issue is thus to ascertain the gap between demand price and supply price of real estate brought about by particular real estate policies over the relevant period of time. Based on this framework a model is derived to help evaluate the true economic impacts of any gap that may exist between the extra costs and benefit. Figure 5-3 presents the basic analytical framework for the model.

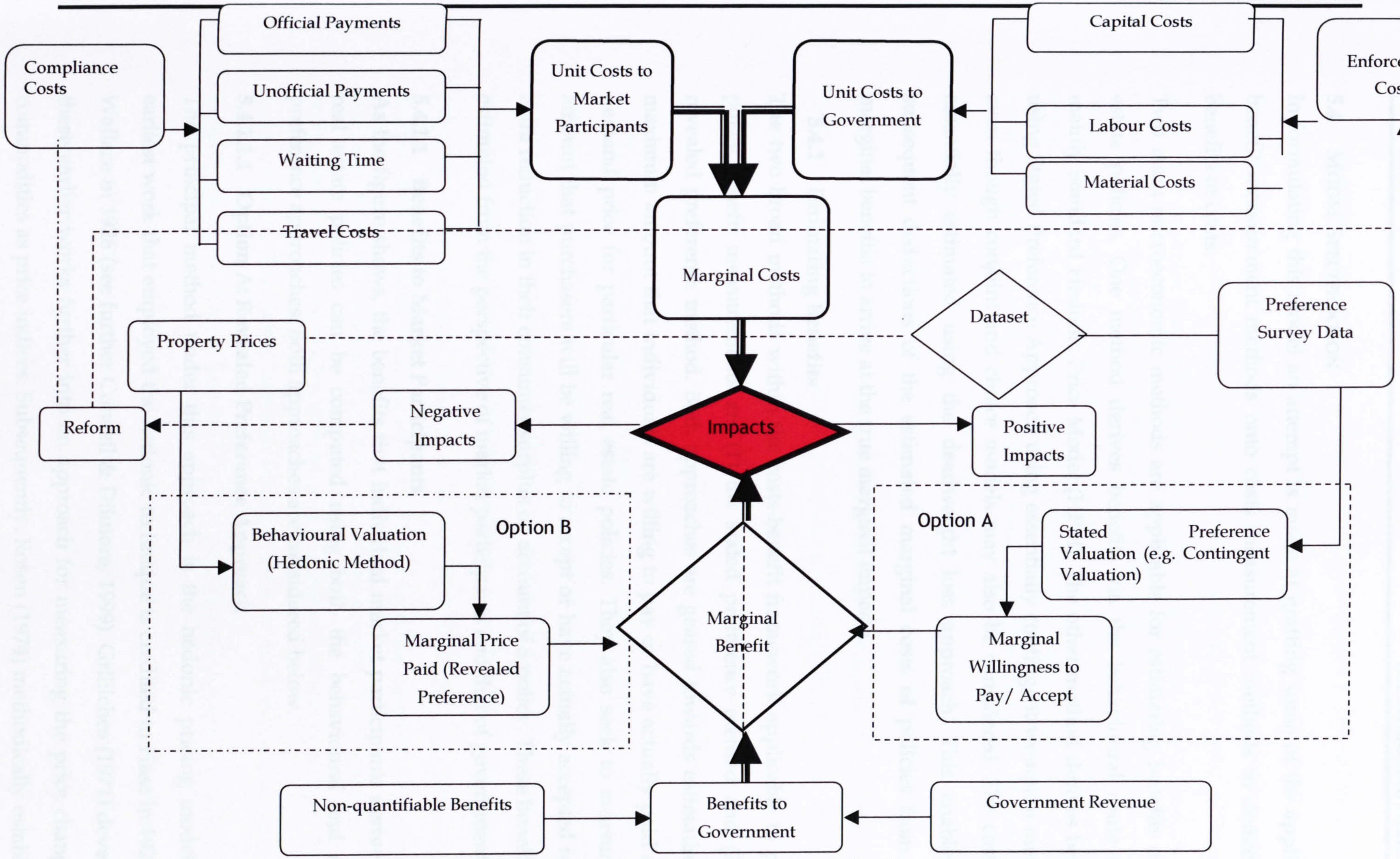


Figure 5-3: Real Estate Policy Impacts Analytical Framework

5.4 MODEL SPECIFICATION

In formulating this model an attempt is made at grafting some of the applicable benefit measurement methods onto costs measurement methods to deduce net benefits or costs.

Two main microeconomic methods are applicable for estimating benefits of real estate policies. One method derives benefits via the behavioural route using mainly Standard Hedonic Price Model (HPM). The other method derives benefits using Stated Preference Approach using essentially contingent valuation methods even though conjoint and choice models may also be considered. The costs are essentially estimated using the deadweight loss approach. This enables the subsequent deductions of the estimated marginal costs of policies from their marginal benefits to arrive at the true marginal impacts.

5.4.1 Estimating Benefits

The two broad methods within the costs-benefit framework applicable to public policy benefit measurements are (1) the stated preference method and (2) the revealed preference method. Both approaches are geared towards estimating the maximum amount that individuals are willing to pay or have actually paid as the demand price for particular real estate policies. They also seek to measure the amount that purchasers will be willing to accept or have actually accepted for the extra reduction in their consumer surplus on account of a policy. These benefits are estimated from the perspective of market participants and that of government.

5.4.1.1 Benefits to Market Participants

As the figure shows, the benefits that individual market participants derive from real estate policies can be computed using both the behavioural and stated preference approaches. Both approaches are considered below.

5.4.1.1.1 Option A: Revealed Preference Approach

The principal method under this approach is the hedonic pricing model. The earliest work that employed the hedonic technique is credited to Hass in 1922 and Wallace in 1926 (see further Colwell & Dilmore, 1999). Grilliches (1971) developed these earlier works further into an approach for measuring the price changes of commodities as price indices. Subsequently, Rosen (1974) methodically established

the theoretical foundations for the approach employing the method in the determination of the bid prices, or implicit value of attributes of a commodity for different consumers. Rosen (1974) defined the bid price as the maximum amount of money which consumers are willing to pay for a good under the condition that they retain a specific level of happiness or utility. The hedonic model views a good or commodity as consisting of bundles of heterogeneous sets of attributes and regards the relationship between the price of a good (V) as a function of the aggregate sum of each of the particular attributes that define them (x)(Rosen, 1974; Saderion, Smith, & Smith, 1993; Mills & Simenauer, 1996; Meese & Wallace, 1997; Hidano, 2002). This can be expressed functionally as:

$$V = f(x) \qquad \text{Equation 5-2}$$

In which the price is a dependent variable and the attributes are independent or explanatory variables. As applied to urban real estate the hedonic function is postulated to be of the form:

$$V_i = \beta_0 + \sum_{j=1}^{j} \beta_j \chi_{ij} + \varepsilon_i \qquad \text{Equation 5-3}$$

In which V_i is the price of the ith property, β_0 is a normal regression intercept, β_j is the magnitude or the implicit price of the jth attribute. This represents the revealed marginal prices of each attribute, that is, the monetary equivalent of the revealed marginal willingness to pay for each attribute. χ_{ij} is the jth attribute of the ith property. Conventionally (Balchin & Kieve, 1977; Hallett, 1979; Harvey, 1987; Balchin, Bull, & Kieve, 1995) the set of attributes for urban properties may include: size, age, location, material of construction, workmanship, and number of rooms among others. ε_i is the stochastic term that accommodates any envisaged errors of measurements. The partial derivatives of the price V_i with respect to each of the variable attributes in turn, that is $\left[\partial V_i / \partial \chi_i\right]$, provides the monetary measure of the revealed marginal willingness to pay for an additional unit of each particular attribute. From the economic viewpoint, this estimate is the measure of the direct benefits of the respective attributes (Hidano, 2002).

It can thus be argued that when urban properties share identical attributes and are affected by different policies; any observed difference in their prices can be attributed to the differences in the applicable policies. Thus to account for the differences in price (benefits) attributable to particular policies, it is imperative that equation 5-3 is amended to take on board the applicable policies as additional attributes that contribute to the determination of the price of affected urban property. If P_{iz} is taken as the variable representing policy z applicable to the ith property with z=1, 2, 3...k, the above equation can be expanded to capture P_{iz}. Moreover, given that most of these policies have been in existence for many years, the equation is again amended to introduce into it a year specific variable (δ_t) to account for historical property prices. The resultant model: equation 5-4 below is then postulated as the general hedonic equation for estimating the monetary measure of the benefits of particular urban real estate policies.

$$V_{pi} = \beta_0 + \sum_{j=1}^{j} \beta_i \chi_{ij} + \lambda_p P_{iz} + \delta_t + \varepsilon_i \qquad \text{Equation 5-4}$$

Where V_{pi} is the price of ith urban property affected by the applicable policy Pz, λ is the magnitude of the implicit price of the z^{th} policy. This represents the revealed marginal price of each applicable policy. That is, the monetary equivalent of the revealed marginal willingness to pay for additional unit of each applicable policy. This provides a measure of the economic benefits of policy P_z on the i^{th}-affected property. This benefit can be isolated and measured by calculating the partial derivative of the price with respect to the policy specific variables. All other variables are as previously defined.

Many studies (Bailey, et al, 1963; Rosen, 1974; Saderion et al., 1993; Mills et al., 1996; Meese et al., 1997; Simon, Quercia, & Marice, 1998; Colwell et al., 1999; Hidano, 2002; Des Rosiers, Theriault, Kestens, & Villeneuve, 2002; Morancho, 2003; Frew J & Jud, 2003; Wolverton & Senteza, 2003; Griliches, 2003) have employed the hedonic approach to estimate the impacts of particular urban real estate policies mainly in the developed world context. In Jakarta, Indonesia Dowall and Leaf (1998) used the technique to estimate the benefits of land title in that country. Within sub-Saharan Africa Asabere (1981a; 1981b) and Arima, (1992); have

employed the technique to investigate various aspects of the region's urban real estate market.

5.4.1.1.2 Option B: Stated Preference Approach

Stated preference methods are typically relied on to measure the economic benefits of non-market goods. Thus in relying on this approach as an alternative benefit measurement technique in this framework, real estate policies is treated as non-market goods for which the utility they offer can be elicited from affected individuals' preference measurements. The methods under this rubric essentially work around the notions of compensating and equivalent variation (Friedman, 2002) or the concepts, willingness to pay (*WTP*) and willingness to accept (*WTA*) (Haab & McConnel, 2003). *WTP* represents the maximum amount of money that an individual is willing to pay in exchange for an improvement in circumstance or consumer surplus brought about by a policy. Alternatively, it is the amount a person is willing to pay to avoid a decline in consumer surplus or economic circumstance. On the other hand, *WTA* is the minimum amount of money a person will accept to forgo an improvement in consumer surplus or economic circumstances. Compensating Variation (CV) represents the amount of money paid or received in respect of a policy that leaves the person at the initial level of well-being. Equivalent Variation (EV) represents the amount of money paid or received that leaves the person at the final level of well-being (Haab & McConnel, 2003). All these provide benefit measurements for surveyed individuals with respect to particular real estate policies.

Unlike the Hedonic model which derives the benefits of policies from the composite price paid, the stated preference methods derive the benefits of non-market goods from the utility preference of individuals. Their income levels invariably influence the preference of actors and this is taken into serious consideration in the stated preference method. The premise of these methods is that, individuals will rationally strive to maximise utility and minimise expenditure associated with particular commodities subject to their income levels. Deducing from the hedonic model above, take the maximum utility that a person can derive from the purchase of particular real estate can be stated as:

$$U_i = \beta_0 + \sum_{j=1}^{j} \beta_i \chi_{ij} + \varepsilon_i \qquad \text{Equation 5-5}$$

Accordingly the individual maximised utility function transposes to equation 5 when the property is affected by policy *Pz*.

$$U_{pi} = \beta_0 + \sum_{j=1}^{j} \beta_i \chi_{ij} + \lambda_p P_{iz} + \delta_i + \varepsilon_i \qquad \text{Equation 5-6}$$

All other variables are as defined above. Thus the maximum amount those individuals will be willing to pay for the policy can be estimated as:

$$U_{pi} - WTP_p \geq U_i \qquad \text{Equation 5-7}$$

WTP_p is the maximum amount that individuals will be willing to pay for policy P. In the same way the minimum amount that individuals will be willing to accept for particular policy can be obtained as:

$$U_{pi} + WTA_P \geq U_i \qquad \text{Equation 5-8}$$

These thus provide an alternative framework for estimating benefits. Economists estimate the WTP or WTA Contingent Valuation methods are employed to procure data on the variables for these equations.

The earliest application of contingent valuation methodology is credited to Davis (1963). Ever since many researchers such as Cummings et al,(1986) have employed the technique to show that, "when CV [contingent valuation] method is used to estimate the use of goods and services with which the individuals are familiar... CV surveys that are carefully designed and administered can yield accurate and useful information on household's preferences". Brookshire et al (1982) also show that contingent valuation and hedonic models yielded similar magnitudes for the WTA for improvements in air quality in Los Angeles.

Contingent valuation is a process by which analysts typically pose contingent or hypothetical questions to policy affected individuals asking them to state their *WTP* (or accept compensation) for a specified public policy (Haab & McConnel, 2003). The idea is to stimulate a market for non-marketed goods and obtain a value for that good, contingent on the hypothetical market described during the survey

(Wedgwood and Sansom, 2003). Thus applied to urban real estate policies the survey will seek to obtain the amount that real estate market participant's will be willing to pay for particular policies to continue to regulate their behaviours or willing to accept for the application of say compulsory acquisition policies to their property rights. Data obtained from the survey is then subjected to statistical and mathematical analysis from which inferences about *WTP* or *WTA* is made. At a more sophisticated level, Ordinary Least Square regression analysis could also be conducted to establish how peculiar traits of respondents including their socio-economic standing, incomes, status on real estate markets and attitudes influence their *WTP* and *WTA*.

Whiles the method look straightforward to apply it is fraught with failings some of which could be ameliorated. For a start, the open ended questioning adopted in contingent valuation surveys are open to problems not the least is the inherent difficulty in getting respondents to assign monetary value to non-market goods such as urban real estate policies, something they are most likely unfamiliar with (Hanemann, 1994). While respondents may be able to make judgments on their preference for particular policies, they may find it a balancing act, in the absence of comparable prices or data, to be precise on the amount that they may be willing to pay or accept for the policy. To counteract these weaknesses, the referendum approach to contingent valuation has most recently been evolved. In the referendum approach relevant respondents are asked to make a discrete choice between two alternatives: pay nothing (extra) and maintain the status quo or pay a specified 'bid amount' for the continuous existence of the policy (Independent Pricing and Regulatory Tribunal of NSW, 2001).

The bid amount is varied continuously until the maximum bid amount is reached and that becomes the *WTP* or *WTA* for the concerned respondent. For instance rather than asking how much a respondent is WTP or WTA for a policy, the question posed under the referendum approach takes the form: "would you be willing to pay £X_i for your property to be subjected to policy Y?" in which X_i is the bid amount with i= 0, 1,2 ....n and n is the maximum bid mount. In this case, the answers obtained will usually take the form (yes or No) and these can be encoded as binary data and analysed to estimate a binary logit model of respondent choice.

From the model, value placed on the policy by the sampled population can be estimated and subsequently scaled up to cover the entire population. Though the referendum approach somewhat overcomes some of the bias in the open-ended approach it does not entirely free the contingent valuation method from weaknesses. Even under the referendum approach, in the absence of comparable market data, it will be difficult for the maximum bid amount selected by the respondent to be an objected valuation of the benefits of the policy.

Secondly, the very hypothetical nature of the contingent valuation method opens the approach up to bias. Perception may differ from reality and in the absence of real life; situation utility maximisation may not be the only factor that may influence the choices of respondents. Respondents may even consider potentials for opportunistic behaviours or possible free riding which will motivate them to state much lower bid amounts and hope that government will bear the remaining costs whatever that may be. Besides, what respondents may state as their *WTP* under hypothetical conditions could change markedly when they are asked to actually pay or accept that amount. This therefore undermines the value of the approach when applied in practice. Li and Mattssson (1995) estimates that this could lead to serious bias by as much as a factor of six time of the true *WTP*.

Perhaps the greatest shortcomings of contingent valuation are the costs and steep resource requirements. Although the reliability of contingent valuation in estimating the willingness to pay or accept has been widely attested to, its reliability is heavily dependant on the sample size surveyed. Large sample sizes yield better outcomes but are costly to implement. The DFID guidance manual on water supply and sanitation programmes for instance argues that "using CVM [contingent valuation methods] adds significantly to the cost and time needed for small survey demand assessment studies, but incremental costs will be relatively modest if a large random sample is to be undertaken in any case" (WELL, 1998 ,p. 110). Wedgwood and Sanson (2003,p.15) reports, based on evidence from Tanzania (Dar es Salaam), Uganda (Bushenyi) and Kenya (Mombasa) that a robust contingent valuation survey for small towns could costs up to US$ 20,000. The report mentions further that other experts notably the DFID have estimated the minimum price of contingent valuation surveys to be "US$ 50, 000 and the high

quality large scale urban studies can costs up to US$ 150,000" (P.15). Regarding the requirement on time and human resources for contingent valuation The World Bank team spent at least four weeks assessing Household Demand for improved sanitation in Kumasi, Ghana (Whittington, 1993). The team for this exercise comprise 20 enumerators, field supervisors and six staff contracted by the World Bank. Wedgwood and Sanson (2003,p.15) provides what they describe as reasonable contingent valuation survey guidelines for a small town to consist of "30 days from the main staff member/ consultant who is familiar with the technique, 20 days from a support person and 15 days for each of the enumerators". These resource requirements are not trivial and are beyond the scope envisaged by the model presented in this paper. Thus for such small to medium scale evaluation exercise the DFID manual (WELL, 1998) recommends "if resources are available the contingent valuation method is the most reliable ...however, in different circumstances, less costly options can yield worthwhile results".

The weaknesses of the contingent valuation not withstanding, the impoverished data on property prices that adequately reflects the policy attributes of particular land parcels places greater restrictions on the hedonic approach for this study. The study thus relies on the contingent valuation approach to solicit real estate valuers expert valuation of the economic benefits of the respective policy strands derived in Chapter 4. The details of this approach as employed in this thesis are provided in Chapter 6.

5.4.1.2 Benefits to Government

In addition to the benefits as revealed by affected individuals, the service charges and fees paid to government departments to obtain services under applicable policies constitute revenue or benefits to government, *GR*. The total revenue associated with policy implementation can be obtained from the Generated Revenue Function (GRF) expressed as:

$$GR_z = \sum_{z=1}^{n} \phi_z R_z + \varepsilon \qquad \text{Equation 5-9}$$

In which ϕ_z = The average unit change in revenue associated with a unit change in output of policy z

R_z = the revenue associated with the implementation of policy z.

Thus based on equation 5-4 and 5-9 the marginal benefits (MB_z) associated with policy P_z can be estimated by summing up the values of the marginal benefit and marginal revenue associated with P_z. This transposes into equation 5-10 below.

$$MB_z = \lambda_z + \phi_z \qquad \text{Equation 5-10}$$

5.4.1.3 The Social Marginal Costs

The social marginal costs - the excess burden of policies - whether real estate related or not is the totality of: (1) The marginal welfare losses associated with the market distortions induced by charges and payments incidental to particular policies; (2) The marginal administrative costs incurred by governmental departments in administering the policies and (3) the actual out of pocket compliance costs (see further Harberger, 1964; Browning, 1976; Posner, 2005). Much theoretical and empirical work now exists on the measurement of social costs (or excess burdens) of variety of policies (Pigou, 1947; 1962; Vickery, 1963; Tullock, 1967). Even so, the Harberger triangle postulated by Arnold Harberger (1964) remains the cornerstone of current models for measuring social costs implications of policies. Some even argue that prior to Harberger's work; economists had no means of measuring the social costs or excess burden of policies (Hinds, 1999, p.186).

Interestingly, these works have largely occurred within the western world and concentrates almost exclusively on the social costs implications of taxation policies or monopoly power. There appear to be very little applications of these models in the sub-Saharan Africa real estate field. With some modifications essentially to incorporate the peculiar nature of costs imposed by real estate policies in Ghana, this Chapter extends the Harberger model into the arena of sub-Saharan Africa real estate policies. The Harberger model is modified and adapted in this model by incorporating indirect compliance costs including travel costs, costs of waiting and expediting and gratuities payments that have almost become conventional

payments in addition to official fees in real estate policy compliance in these countries. Additionally, the marginal administrative costs incurred by the respective delivery agencies are also built-in. In formulating the model it is worth noting that, real estate policies come in two main levels; (1) those policies that regulate or intervene at the demand ends (purchasers) of the market and (2) policies that regulate or intervenes at the supply ends (suppliers) of the market. Each comes with its own peculiar marginal social costs and needs to be estimated independently for a clearer picture. The basis of the social marginal costs of demand end real estate policies is illustrated in Figure 5-3.

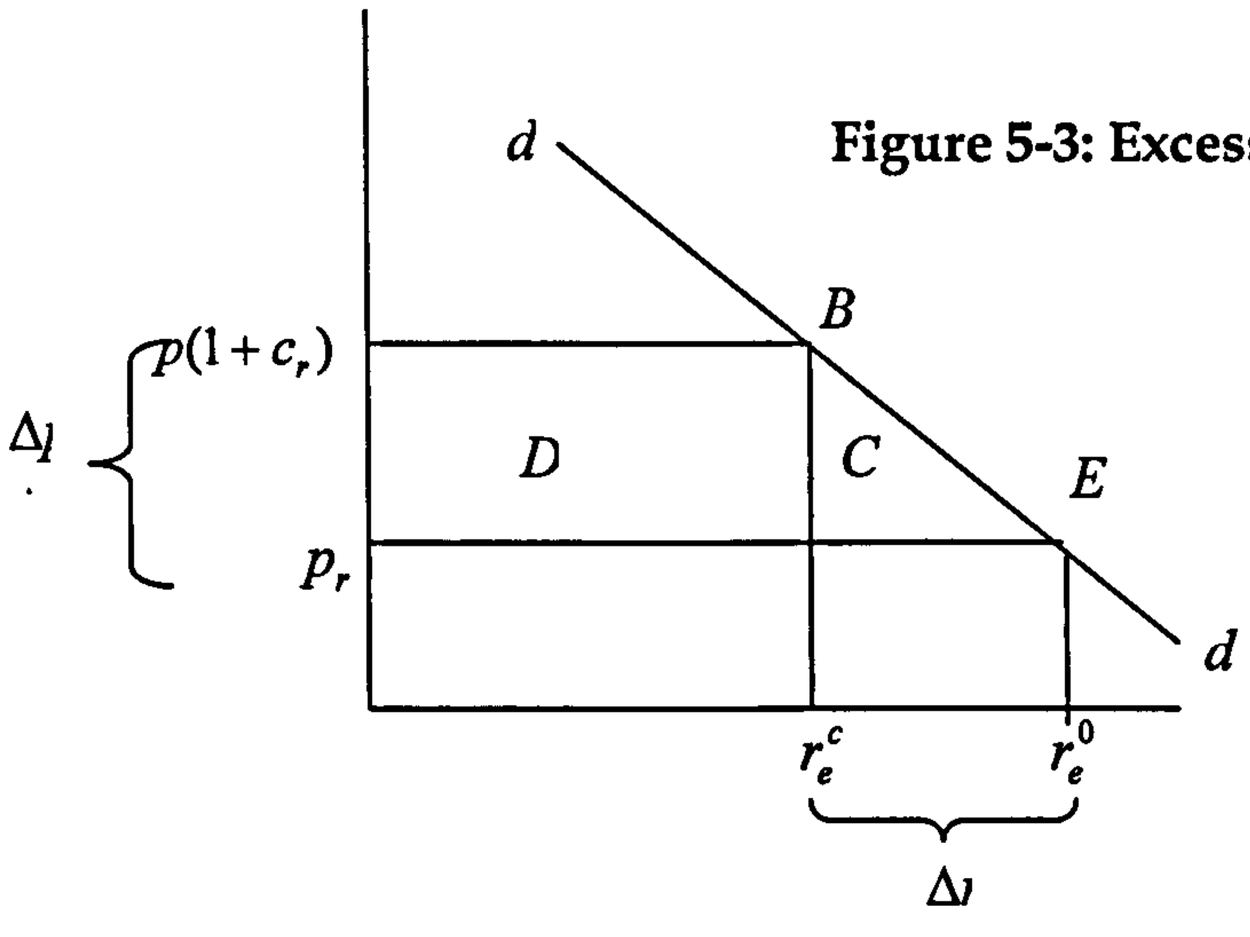


Figure 5-3: Excess Burden of Policy

Where in a particular situation both levels of policy are in force, the marginal social costs of each contribute essential fragments to the associated multilevel marginal costs analysis. In the figure the assumed optimal demand of real estate is r_e^0 at a price p_e achieving equilibrium in the absence of real estate policy interferences at E. When real estate policies are introduced the effect of the costs they bring about on purchasers at say rate c_r is to raise the purchase price of real estate from p_r to $p_r(1+c_r)$. This shifts the compliance equilibrium upwards to point B. In this partial equilibrium framework the distortion caused by the compliance costs associated with real estate policy is measured by the loss of consumer surplus, the excess burden of the policy. In most of sub-Saharan Africa, in-built policy delivery traditions demands that out of pocket indirect compliance costs are incurred in addition to official charges. These include expediting and gratuity fees paid by market dealers to engage officials of delivery agencies to

personally follow up and ensure the expeditious formalisation of the payee's documents. This practice, as the study discovered, is so pervasive that the costs they impose can no longer be overlooked in any policy analysis. The indirect compliance costs imposed by real estate policies also includes costs incurred in contract formation, travel costs and costs of lag and waiting times. Let indirect compliance costs be represented by ω_1 and official charges by ω_2. As stated supra the indirect compliance costs, ω_1 is a conglomerate of range of costs functionally represented as:

$$\omega_1 = \sum_{i=1}^{n}(\alpha_i + \beta_i + \delta_i + \lambda_1 + ... + \mu_i) \qquad \textbf{Equation 5-11}$$

In which i= the policy process and $i = 1+2+...+n$, α_i= costs of contract documentation, β_i=costs of site plan, δ_i=travel costs, λ_i=costs of lag time and so on.

The effective marginal costs imposed on purchasers indicated in Figure 5-3 as c_r can therefore be computed as $c_1 = \omega_1 + \omega_2$. Only ω_2 represents a source of revenue to government. The indirect payments ω_1 are private unofficial payments some of which are earned by particular officers of the enforcement institutions. If the marginal costs of policy delivery is represented by ϑ_g then from Figure 5-3 the social costs of real estate policies, which is the loss of consumer surplus over and above the revenue raised plus the costs of administering the policy can be expressed functionally as:

$$P_{rp}^{c} = \vartheta_g + \frac{1}{2}(\Delta p \times \Delta r) \qquad \text{Equation 5-12}$$

In which $\frac{1}{2}(\Delta p \times \Delta r)$ = the area of the triangle C in Figure 5-3. But price elasticity of real estate ε_r^p is estimated as:

$$\varepsilon_r^p = \frac{\Delta r}{\Delta p} \times \frac{p_e}{r_e} \qquad \text{Equation 5-13}$$

This implies that:

$$\Delta r = \varepsilon_r^p \left(\frac{r_e}{p_e} \times \Delta p \right) \qquad \text{Equation 5-14}$$

From Figure 5-3 $\Delta p = c_r \times p_e$. This implies that Equation 5-14 can be rewritten as:

$$\Delta r = \varepsilon_r^p \left(\frac{r_e}{p_e} \times c_r \times p_e \right) = \varepsilon_r^p (r_e \times c_r) \qquad \text{Equation 5-15}$$

Plugging equation 5-15 into equation 5-11, social costs of real estate policies can be estimated as:

$$P_{rp}^c = \vartheta_g + \frac{1}{2} \left(\Delta p \times \varepsilon_r^p (r_e \times c_r) \right) \qquad \text{Equation 5-16}$$

Since $\Delta p = c_r \times p_e$ equation 5-16 can be rewritten as:

$$P_{rp}^c = \vartheta_g + \frac{1}{2} \left((c_r \times p_e) \times \varepsilon_r^p (r_e \times c_r) \right) \qquad \text{Equation 5-17}$$

But $c_r = \omega_1 + \omega_2$ which implies that:

$$P_{rp}^c = \vartheta_g + \frac{1}{2} \left(((\omega_1 + \omega_2) \times p_e) \times \varepsilon_r^p (r_e \times (\omega_1 + \omega_2)) \right) \qquad \text{Equation 5-18}$$

$$P_{rp}^c = \vartheta_g + \frac{1}{2} \varepsilon_r^p \left((\omega_1 + \omega_2)^2 \times p_e \times r_e \right) \qquad \text{Equation 5-19}$$

In which $r_e p_e$ = price or value of real estate for quantity r_e. Thus at the margins the marginal social costs MS_{rp}^c or excess burden of real estate policies can be expressed as:

$$MS_{rp}^c = \vartheta_g + \frac{1}{2} \left((\varepsilon_r^p (\omega_1 + \omega_{21})^2 p_e \right) \qquad \text{Equation 5-20}$$

In which welfare costs W_c is represented by the $\frac{1}{2} \left((\varepsilon_r^p (\omega_1 + \omega_{21})^2 p_e \right)$ component of the equation. With policies that affect the supply ends of the market the marginal costs assessment can be looked at from a slightly different perspective as shown in Figure 5-4.

The effect of such policies is to lower the earnings of real estate suppliers. If by virtue of the policy the earnings of real estate suppliers are reduced by say m_1, its

effect will be to reduce the earnings of suppliers from Y_e^0 to $Y(1-m_1)$. In response to this reduction in earnings economic rationality suggests that, law-abiding suppliers will end up reducing their supply from r_e^0 to r_e^c. By cutting back on their supplies, real estate suppliers sacrifice earnings to the tune of the area indicated by BA r_e^0 r_e^c in Figure 5-3 and gains excess stock and resources of the size DA r_e^0 r_e^c.

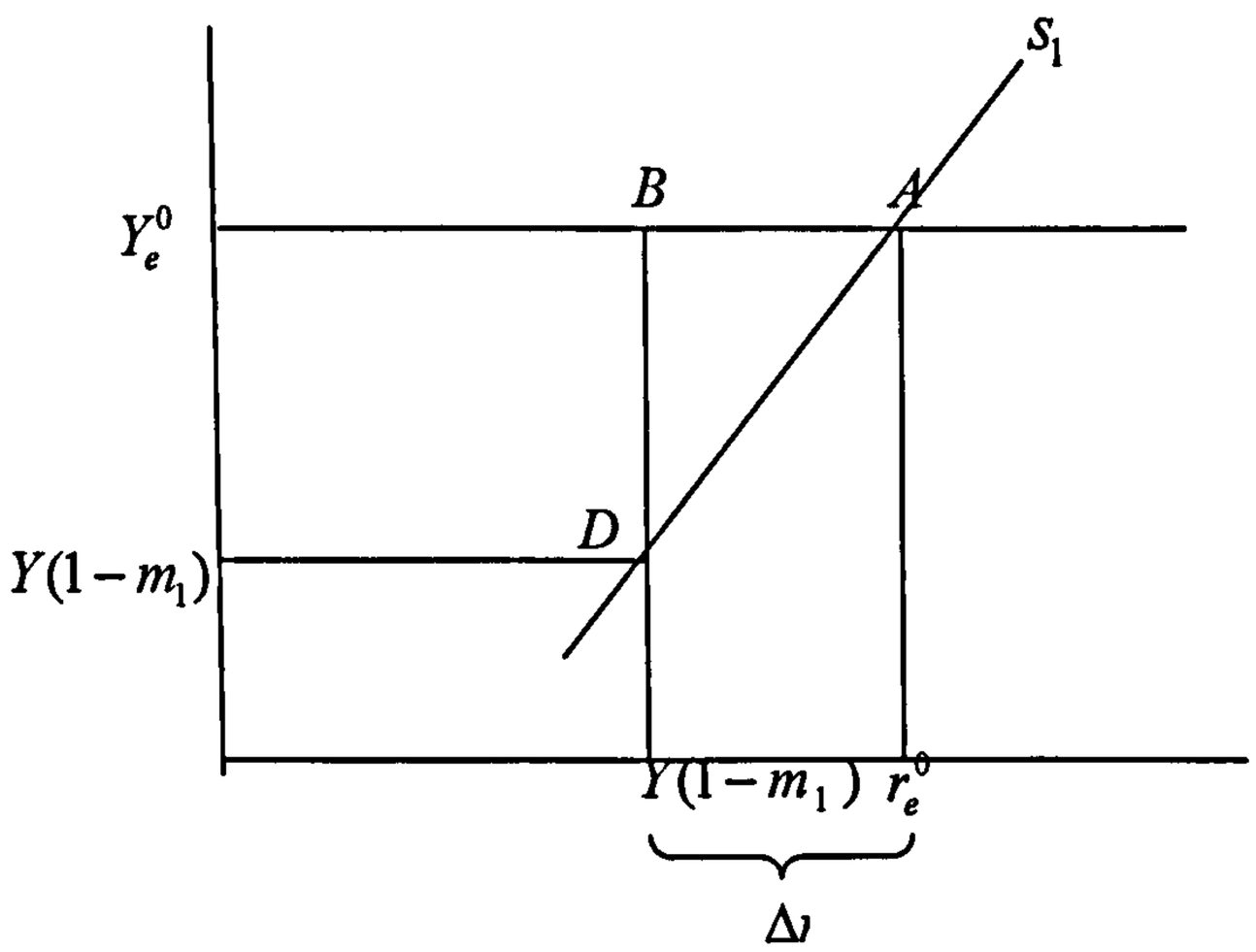


Figure 5-4: Supply Side Excess Burden

The difference between the two BAD represents the total welfare costs or social marginal costs of such supply side policies. If it is assumed that no extra-official payments are required to comply with these policies as the case of Ghana the study area of this study shows, then from equation 5-20 above the marginal social costs of such policies can be estimated by the equation:

$$MS_{rp}^c = \vartheta_g + \frac{1}{2}\left((\varepsilon_r^p (c_r)^2 p_e\right) \qquad \text{Equation 5-21}$$

Thus for policies that affects both the supply and demand ends of the market the overall social marginal costs ($OSMC$) become the sum of equation 5-20 and 5-21:

$$OSMC_p = \sum (MS_{rp}^c + MP_{rp}^c) \qquad \text{Equation 5-22}$$

By identifying and computing the range of costs $(\omega_1 + \omega_2)$ and ϑ_g coupled with knowledge of the *ex-ante* real estate prices, p_e the welfare cost as well as social costs of respective policies can be evaluated. This is the ends to which the ensuing sections are devoted.

Before turning to the ensuing discussions, it needs to be borne in mind that in Ghana as in many sub-Saharan African countries different real estate policy delivery processes require different compliance activities and hence different indirect compliance costs are incurred. Besides the compliance costs incurred accumulates as market dealers' progress from one compliance activity to another. Each indirect compliance costs contribute a fragment to the overall costs incurred under particular policies. Thus in computing the indirect compliance costs incurred by applicants under the various compliance processes, a two-staged process is adopted. Firstly the major activities involved in the policy delivery processes are identified both from the perspectives of the government and real estate market dealers. The second stage is to trace the costs of each activity and accumulated them for particular policy delivery process according to the process' demand for these activities.

5.4.1.4 Estimating the impacts

Based on the central argument of this paper that urban real estate policies are worthwhile only when the costs they bring about are at least commensurate with the associated gains, at the margins the economic impacts or marginal gains (MG_i) of these policies on the ith property can be estimated employing equation 5-23 below:

$$MG_i = MB_z - OSMC_p \qquad \text{Equation 5-23}$$

One can then estimate a rate of return index of policies by expressing their *MG* as a percentage of their marginal costs as in equation 5-24.

$$ROR = \left({}^{MG_i}\!/_{OSMC_p} \right) * 100 \qquad \text{Equation 5-24}$$

Equation 5-24 then provides a meaningful ranking of policies based on their rate of returns.

5.5 SUMMARY

While elaborate methods exist within the economic text by which real estate policies can be estimated, their peculiarly large data requirements and complexities makes them unsuitable for this study at least in their pristine state. This has necessitated the development of a bespoke model. This model offers a uniform way of ascertaining real estate policy impacts relying on a considerably low amount of data and resources and provides an index for international or within country policy impacts comparison. It is used to estimate the economic impacts of urban real estate policies in sub-Saharan Africa using Ghana as a case study country in chapters 8 and 9.

Chapter 6

The Methodology of Inquiry

6.1 INTRODUCTION

Having established in Chapter 5 the measuring framework by which the economic impacts reported in this thesis is procured, it is vital to display now the nature of the raw materials or data that went into the framework and the "local processes by which they were compressed and rearranged to make the conclusions credible" (Cronback and Suppes, 1969). To accomplish this, it is vital at the outset to set out the road map –"local processes"- by which the relevant data were appropriated and analysed to yield the conclusions reached. It is to this end that this chapter is directed. The local processes of concern to this chapter range in particular from the general philosophical ideas behind the inquiry through to the detailed data collection and analysis procedures. These are taxing but critical issues. Not least because they are the prime apparatus by which sensitive tradeoffs were made between triviality, adequacy and economy without compromising the relative rigour, accuracy, validity and reliability of the results of the study.

At the same time these help avoid resource wastage through the investment of time, money and efforts in endeavours that would have produced in the end, irrelevant data and outcomes. Conventional texts (see further Moser and Kalton, 1971; Babbie, 1973; Doyal and Roger Harris, 1986; Babbie, 1990; Alreck and Settle, 1995; Kerlinger and Lee, 2000a; Fowler, 2002a; Creswell, 2003a) offer authoritative and well grounded pre-existing frameworks in which typical research studies can be lodged to achieve these tradeoffs more aptly. But, these conventional texts are generally based on experiences and conditions prevalent in western societies. In reality, nonetheless, prevailing conditions in developing countries as Ghana, regarding data availability, data quality, language barriers, literacy levels and communication media among others tend to differ considerably from what pertain in the west. Developing countries for instance face peculiar social data problems (see further Rimmer, 1982). As Murthy (1978, p.32) remarks "if a serious study of the availability of reliable data is undertaken, the situation in many developing countries is likely to be found to be quite alarming". These peculiar conditions on

occasion necessitate modifications of some of these traditional procedures and assumptions before meaningful results could be achieved. That said, whether or not these modifications are necessary at all, and if they are, the nature of modifications required depend in essence on the research paradigm of the study.

6.2 THE RESEARCH PARADIGM

It is vital to specify at this stage the study's paradigm of *knowledge claims* or philosophical assumptions about what is to be learnt and how it is to be learnt (Creswell, 2003, p.6). To this end, the study takes a philosophical position on the basal constituent of knowledge (ontology), its nature, origin and scope (epistemology), its value compositions (axiology), how it is effectively and persuasively written about (rhetoric) and the processes for studying it (methodology) (Creswell, 1994; 2003).

In the past two decades, philosophical knowledge claims, research methodologies or paradigms of inquiries have multiplied to a point at which researchers have many choices (Creswell, 2003). So also, the considerations that inform the choice of research methodologies have multiplied. The choice of an alternative research methodology or philosophical approach to knowledge claim is not to be made so much on the basis of their general strengths or weakness. On balance, they are all pervaded with strengths and weaknesses and it remains a moot point whether one is stronger or weaker than the others. Thus a general theory of choice for research methodologies based on these weaknesses and strengths is unlikely to provide an all-purpose objective guide. To be relevant, choices have to be made in the context of the research problem at hand together with the theoretical perspective of the study, experiences and skills of the researcher and the intended research audiences (Creswell, 2003, p.21). This study has been driven from the outset by the quest to derive numeric measures of the economic impacts of urban real estate policies in sub-Saharan Africa. This commitment, more than anything else, dictates the choice of quantitative knowledge claim and research methodology as the foremost paradigm for this study.

The quantitative methodology as adopted in this study constitutes that alternative knowledge claim also called positivist, post-positivist (Creswell, 2003b), empiricism, scientific method (Doyal and Harris Roger, 1986) and empirical

science (Kerlinger and Lee, 2000b). This knowledge claim philosophy counters the inadequacies of the constructivists' alternative to knowledge claims. The constructivists' paradigm, also called the qualitative, grounded theory, phenomenology or ethnographic design, contends particularly that real truths are relative rather than absolute. They are, it is argued, not independent of, but rather situated within the multiple meaning of individual beliefs, ideological learnings and experiences (Creswell, 2003). They thus exist only in mentally constructed form (Guba and Lincoln, 1989, p. 234). For, knowledge about processes, behaviours and conditions, are perceived in terms of how the individuals or groups being studied perceive them (Valadez and Bamberger, 1994). For this reason constructivist researchers are in essence subjects in their own studies. While this researcher-subject nexus enhance the quality of knowledge discoveries of constructivist inquirers, it also exposes them particularly to the putative threats of "going native" or becoming so enmeshed with objects that they have difficulty separating their own experiences, beliefs, ideologies and desires from their subjects' (Sandelowski, 1986, p.30). This in turn becomes the single most important threat to the objectivity of the knowledge or truth claims of the constructivist studies.

This also presumably crafts a very frail isomorphism between the findings of constructivist studies and the "real" world thereby rendering qualitative knowledge claims highly subjective and fraught with, dogma, speculation, value judgement or superstition- "anything but science" (Doyal & Harris Roger, 1986). It accordingly renders constructivist ontology and epistemology controversial and sometimes doubtful. Besides, owing to the fact that truth and reality under constructivist paradigm "exist in different forms in different minds, depending on different encountered circumstances and history, based on different experiences, interpreted within different value systems" (Guba and Lincoln, 1989, p. 234), generalisation of constructivist research findings are considerably restricted (Baker, 2000). Again, human beliefs, ideologies and desires are constantly changing. This implies that truth in the qualitative sense is an unstable phenomenon. Since reliability in research is essentially an assessment of the stability of the phenomenon being assessed and of the instruments used to assess

them (Guba and Lincoln, 1989, p. 234) the reliability of constructivist findings are also restricted.

With these constraints reliance on the constructivist's research methodology will deny this study its very essence – to obtain as much as possible value neutral measures of the economic impacts of urban real estate policies. It lacks the needed tools to ensure in particular internal validity, external validity, reliability and objectivity. More so, available techniques devised to overcome these inadequacies have so far not been directed so much at remedying these inadequacies as to devising alternative criteria such as credibility; confirmability, transferability and dependability for conceptualising and enhancing the goodness of constructivist knowledge (see for instance Guba and Lincoln, 1989, p. 234).

To accomplish the attainment of largely value neutral measures of the economic impacts of urban real estate policies thus:

> It is necessary that a method should be found by which our beliefs may be determined by nothing human but by some external permanency- by something upon which the ultimate conclusion of every man shall be the same. Such is the method of science [the empiricist ontology and epistemology]. Its fundamental hypothesis is this: there are real things, whose characters are entirely independent of our opinions about them (Buchler, 1955 ,p. 18).

The earliest formulations of the empiricists' ontology, epistemology and methodology laid claim to the existence of absolute rather than relative truth about human behaviours, which can be positively appropriated (Phillips & Burbules, 2000). This absolute truth, it is argued, exists in reality outside the researcher and thus its structure and content are independent of their beliefs or desires (Kearney, 1964; Quinton, 1980; Losee, 1980; Doyal & Harris Roger, 1986 p, 2). To this claim, the empiricist perceive the researcher, not as a subject in the study as the constructivists tradition, instead as a subject trying to understand an object in a more objective way by eliminating the bias that could lead to inaccuracies and weaken the researcher's ability to discover the true shape of reality (Doyal & Harris

Roger, 1986; Kerlinger & Lee, 2000b). Nonetheless, following the work of Comte, Mill, Durkheim, Newton and Locke (see further Creswell, 2003, p.7) it is now well established that absolute truth and positive claim to knowledge about human behaviours and actions is unattainable (see further Phillips and Burbules, 2000) Primarily as Popper (1957; 1972; 1976; 1980) argues, inquiry does not begin with open-mind collection of unambiguous data. Observations, it is argued, are always made instead with some problems in mind and are selected and interpreted in relation to tentative solutions to that problem. Both the selection of empirical evidence and the terms in which it is to be described are dictated by specified theory (Doyal & Harris Roger, 1986 p, 11).

Accordingly, as Popper (1957; 1972; 1976; 1980) argues, it is only through the non-inductive process of theoretical conjecture and experimental refutation, combined with a drive to explain and discover increasingly at every state of scientific inquiry that the explanatory power of scientific theories is consistently increased. Thus rather than pursuing absolute truth, empiricists are now concerned with truth, objectively ascertained. Knowledge that results from such modified empiricism, develops from careful observation and measurement of objective reality that exists "out there" in the world (Creswell, 2003b). Kuhn (1970; 1972) postulates that such objectively ascertained truth is relative to the paradigm within which it is ascertained. Kuhn defined a paradigm in this context as the set of conceptual commitments, which dictate what is defined as a genuine research problem, how scientists should try to solve it and what they will accept as effective criticism of their solution. It is the imperviousness of paradigms to empirical refutation, that makes successful science or empiricist knowledge possible at all (Creswell, 2003b).

Within this paradigm the empiricists knowledge is appropriated through scientific deterministic and reductionism principles by which empiricists research concentrates on determining the probable cause of outcomes by reducing ideas into small discrete sets of ideas, as variables in research questions and hypothesis to be tested (Creswell, 2003b , p. 7). Hypotheses in this sense refer to statements describing what are empirically expected, which can be tested. If these expectations do not occur, the hypothesis is seen to be refuted (see also Doyal & Harris Roger,

1986; Phillips & Burbules, 2000). The key hypotheses for this study are thus postulated based on the research questions raised in Chapter 1 for empirical testing.

6.3 THE HYPOTHESES

The hypotheses to be verified are:

H_1 Regulative real estate policies will have lower compliance costs than distributive and redistributive polices.

H_2 Redistributive real estate policies will have higher compliance costs than distributive policies.

H_3 Regulative real estate policies will have lower social welfare costs than distributive and redistributive real estate policies.

H_4 Distributive real estate policies will have lower social welfare costs than redistributive real estate policies.

H_5 Regulative real estate policies will have higher benefits than distributive and redistributive policies.

H_6 Distributive real estate policies will have higher benefits than redistributive real estate policies.

H_7 Regulative real estate policies will have positive economic impacts as their associated social welfare costs will fall short of their corresponding social welfare benefits.

H_8 Distributive and redistributive real estate policies will have negative economic impacts, as their associated social welfare costs will exceed their corresponding social welfare benefits.

H_9 Redistributive policies will yield higher economic deficits than distributive policies.

H_{10} The direct costs of enforcing respective categories of real estate policies in Ghana are not significantly different and are also not excessive.

Hypotheses H_1 to H_5 are tested in Chapter 7 whiles hypotheses H_6 to H_9 are tested in Chapter 8. The final hypothesis, H_{10} is verified in Chapter 9. Before turning to the

verification of these hypotheses, the strategy or methods by which the data on the variables used as inputs was acquired is described.

6.4 THE STRATEGY OF INQUIRY

To ensure sufficient objectivity of the outcomes, it is a cardinal principle in the quantitative tradition to device strategies by which the variances of independent variables are maximised, whiles extraneous variables are controlled and error variances are minimised (see Kerlinger et al, 2000). These are customarily accomplished, within the empiricists tradition, through undistorted or uncontaminated recording of particular observations gained essentially from either experiments or surveys devised to facilitate the discovery process (Doyal & Harris Roger, 1986 p, 2). Experimental designs particularly require the contrivance of a setting which could be actively manipulated, either in a laboratory or in a field situation so that the data resulting from the effects of that manipulation on the experimental participants can be observed and gathered (see Bryman and Cramer, 1999, p.5).

Thus, as applied to this study, this would entail the setting up of real life experiments or quasi experiments with the random or non-random assignment of real estate market participants to particular real estate policy regimes with the view to observing and collecting data on the economic impacts of these simulated policy environment for analysis (see Baker, 2000). This also would necessitate a replication of the policy enforcement arrangements within this controlled environment for reality to be amply approximated. The true effect of this simulated policy environments could however only be ascertained by comparing the obtained data with those of another set of randomly assigned participants, controlled group, who are in similarly controlled but non-policy environment. Even if it is assumed that the establishment of such experimental groups and their corresponding control groups were economically feasible and methodologically possible, it will be very difficult to tell how long it would have to take for the simulated policies to start having observable effects. This could be years.

This is obviously an expensive and time-consuming enterprise, which is unaffordable given this study's limited resource and time constraints. It is also devoid of the many spontaneous interactions that real estate policies usually make

particularly with the customary tenure system or even the natural price system both of which bear considerably on policy outcomes. This implies that the results obtained would likely to diverge starkly from the objective truth that is being sought for in this study. Even when the natural settings within which real estate policies function in reality are to be leveraged, the nationwide application of real estate policies makes it impossible for statistically significant different control groups to be established for comparison. Besides, it is not possible to manipulate the study's main independent variables - real estate policy induced costs and benefits - and thus all such variables had to be collected as they are in reality. These inadequacies restrict the suitability of experimental design approach for this study.

Thus the survey design approach was relied on exclusively. With the survey design there is no need to manipulate any variable of interest as in the case of experimental design. Data relating to all variables are collected simultaneously (see Bryman and Cramer, 1999, p.5). An added advantage of the survey approach is its strength in enabling attributes of a larger population to be identified from a small group of individuals (Babbie, 1990) thereby permitting generalisation and inferences to be made from sample estimates to the population (Babbie, 1990). Besides for this study, the survey designs appeared economical to implement as compared to experimental designs.

In implementing the survey design, it was necessary to take conscious steps to eliminate the effect of possible influential variables on the dependent variable. This was realised by ensuring that the participants surveyed (see below) were selected to be as homogenous as possible while embodying the diversities of real estate policy actors and recipients. For instance, the cross section of the real estate policy delivery agencies surveyed was perceptibly homogenous in terms of their mode of conduct, funding, budgeting and methods of policy delivery. Yet they represented the diversity of conditions and types of policy delivery systems in the study site. The need to control extraneous variables necessitated the adoption, as far as possible, of random sampling methods in selecting policy recipients or participants for the survey as that was thought likely to ensure that effects of extraneous variables will eventually cancel out and support generalisation of

conclusions. Additionally, extraneous variables considered critical, such as income building into the research design these as attribute variables controlled disparities between participants, gender and the policy zones of operation of respondents. These efforts yielded additional research information about the effect of these extraneous variables on the dependent variable and about their possible interaction with other independent variables. Error variance was also controlled essentially through the improvement in the reliability of the measuring instrument, given as far as possible specific and clear instructions to participants and by excluding from the survey situation factors that are extraneous to the research purpose.

6.5 RESEARCH METHODS

In view of resource constraints and data limitation the survey was cross sectional in that the requisite data was collected at one point in time (between June, 2004 and January 2005) using varied data collection methods. In all, four main approaches were employed in gathering the requisite data for this study. These were (1) self administered questionnaires; (2) interviews with sampled bureaucrats in charge of policy enforcement (3) structured review of financial and administrative records obtained from sampled government departments and (4) structured observations particularly to collect information on time spent on policy enforcement activities. The details of these are discussed later in this chapter.

6.5.1 The Population and Sample

Based on the research questions and the resultant hypothesis the population with the requisite attributes were selected with a view to avoid confounding the data by extraneous variables to preserve the generalisability of the findings from the samples drawn. Given the time and resource constraints of this study, the goal of information gathering was not intended to generate statistics about the entire populations identified. The aim, on the contrary was to produce quantitative data within the resources available for the study that can be subjected to rigorous analysis to make inferences to the population and to address the research questions and hypotheses raised earlier using the formulated quantitative measuring framework of Chapter 5. This implies the need to sample representative segments of the population in a way that these goals can be accomplished more

economically. The sampling methods employed to realise this end are described in the following section.

6.5.2 Sampling

To ensure efficiency in outcome and a high level of accuracy in generalisation of the results to the population it is vital to ensure that the selected sample is suitably representative of the population. Best practice suggests that a representative sample should be so drawn that every member of the population concerned has a specific non-zero probability of being included in the sample (Oppenheim, 2001 ,p.39). That is to say that every member of the population should have equal chance of being selected. This necessitated choices to be made about the appropriate sample frames, that is, the set of participants drawn for the survey (see further Fowler, 2002b ,p.10). The respective sample frames and corresponding sampling for this study are described below.

6.5.3 Respondents and Participants

Using the cluster sampling technique (see further Oppenheim, 2001) the population of concern within the study site was clustered into subgroups according to their shared characteristics and stratified by their relation with real estate policy, notably:

- Real estate policy delivery institutions
- Real estate policy recipients
- Real estate market mediators

The sampling processes by which samples were drawn from these population segments are discussed below.

6.5.4 The Sampled Real Estate Policy Institutions

In Ghana, the arrangement for real estate policy delivery comprises a robust and institutionally wide network of interrelated but independent civil service organisations. The Ghana Land Policy Document (GLPD, 1999) lists 18 of these government departments. In reality however, as this survey established, only six government departments in addition to their parent Ministries are directly responsible for the task. For the rest, real estate policy delivery is only tangential to their core functions.

At the apex of real estate policy delivery in Ghana is the Ministry of Lands and Forestry, the main governing body, under which all the departments but the Town and Country Planning Department operates. The departments comprise (1) The Lands Commission - responsible for the management of public lands, certification of stool land transactions, assisting in land title registration and land policy advisory services (see further Lands Commission Act, 1994 (Act 483)); (2) Land Valuation Board- responsible for government valuation functions including preparation of valuation lists for local authorities, assessment of compensation for state acquisitions, valuation of state owned properties and stamp duty assessment (See further, PNDC Law 42 of 1986)); (3) Land Title Registry- responsible for parcel based land title registration across the country (see further Land Title Registration Law, 1986 (PNDCL, 152)) (4) Office of the Administrator of Stool Lands- responsible for the collection and disbursement of stool land revenues in accordance with a prescribed formula (see further, Office of the Administrator of Stool Lands Act, 1994 (Act, 481)); (5) Town and Country Planning Department- responsible for physical planning, zoning and development control (see further Town and Country Planning Ordinance, 1945 (Cap 84); Local Government Act, 1994, (Act 462); (6) the Survey Department responsible for surveying and mapping of land parcels (see further The Survey Act, 1962 (Act, 127).

With the exception of the Town and Country Planning Department whose functions falls outside the study's scope of property acquisition and registration all the above listed agencies (excluding the parent Ministries) were purposively sampled and surveyed.

6.5.5 The Sampled Real Estate Policy Recipients

These categories of respondents were the dealers- purchasers and suppliers- of real estates that incidentally are the main recipients of real estate policies in Ghana. For the reason adduced earlier respondents from this group were randomly sampled and surveyed. The main impediments to this were the absence of published lists of real estate suppliers and purchasers from which the sample could be drawn. This also made it impossible to establish the sizes of the respective population and hence denied any chance of employing rigorous selection methods such as the use of random numbers tables. Thus the size of the selected samples was determined

largely by the constraints of available resources and time for the study. In all a total of 303 respondents from this category were randomly sampled and surveyed. The samples drawn were not stratified on the basis of gender as the absence of published lists made it impossible to identify the actual gender composition of the population to warrant any such gender stratification. However the gender representation of the respondents is analysed.

In surveying these selected samples the unique permanency and conspicuousness of real estates made it somewhat easier to locate some of these recipients by visiting them at home. Some were also surveyed when they visited the enforcement agencies to follow up on the processing of their applications. The instrument used in this survey will be briefly described later in the Chapter.

6.5.6 The Sampled Market Intermediaries

This sample was drawn from the population of professional real estate valuers in Ghana. The list of professional valuers was obtained from the offices of the Ghana Institution of Surveyors in Accra, Ghana. Though the selection of sampled valuers was undertaken randomly, only valuers with considerable post qualification experience (minimum 10 years) in the sampled geographical areas were surveyed. In all 10 experienced valuers were surveyed essentially to obtain their professional assessment of the economic value of particular policies using the contingent valuation approach described in Chapter 5. The instruments used at this phase of the survey will also be looked later in the Chapter.

In addition to the sampled respondents and participants, the geographical territory within which the survey was conducted was also systematically sampled as discussed below.

6.6 THE AREA SAMPLING

The almost 19 million population of Ghana, the site for this study (Chapter 1) can be categorised into four geographical strata: Regions, Districts, Localities and Neighbourhoods. Administratively there are 10 mutually exclusive regions with identifiable boundaries in Ghana. Table 6-1depicts the names of the administrative regions and their corresponding demographic attributes. The number of administrative districts within regions varies, the Ashanti Region having the most-

-eighteen, and the Greater Accra Region and the Upper West Region having the fewest--five. Since the compilation of this table, 28 more districts have been created. Each district contains several urban localities which also in turn contain several neighbourhoods.

Table 6-1: Regional Demographic Characteristics of Ghana

No.	Region	No. of Districts	Total population	Proportion Urban	Estimated Number of households (1999)
1	Western	11	1,924,577	36.3	420,000
2	Central	12	1,593,823	37.5	540,000
3	Greater Accra	5	2,905,726	87.7	730,000
4	Volta	12	1,635,421	27	380,000
5	Eastern	15	2,106,696	34.6	570,000
6	Ashanti	18	3,612,950	51.3	740,000
7	Brong Ahafo	13	1,815,408	37.4	450,000
8	Northern	13	1,820,806	26.6	200,000
9	Upper East	6	920,089	15.7	60,000
10	Upper West	5	576,583	17.5	150,000
Total	10	110	18,912,079	43.8	4,240,000

Sources: Adapted from GSS (2000; 2002a)

Since it was impracticable in this study to survey all these localities, representative samples were drawn from which the clustered samples were also drawn and surveyed. Given the hierarchical structure of the Ghanaian population this area sampling was carried out in four stages: (1) Regional sampling (2) District sampling (3) Locality sampling and (4) Neighbourhoods sampling.

Going by the probability sampling technique, each of the ten regions had equal chance (1/10) of being sampled for the surveyed. However since the study is urban focused, using random or probability sampling could lead to the selection of regions with considerably low urban attributes such as the Upper East and Upper West Regions. This could compromise the validity of the conclusions drawn from the survey in serious ways. To obviate this problem the scale of urbanisation was rather employed as the prime selection criterion to arrive at some judgement on the most representative geographical area (s) to be survey. Since nationally Ghana is about 44 percent urbanised (Table 6-1) this figure was used as the threshold limit such that regions above this urban threshold (national average) were deemed

sufficiently urbanised to provide reliable and valid data for credible results. According to the table only two regions, Ashanti and Greater Accra met this criterion. Indeed apart from these two regions the rest of the country remain predominantly rural (GSS, 2000, p.2). Of the two, the Greater Accra region is the most urbanised as reflected in the table and hence offers better prospects and was thus chosen for this study. That the Greater Accra region is representative of sub-Saharan Africa cities is also well corroborated by Antwi (2000). With the Greater Accra region sampled, it became opportune to sample localities within the region for the survey. This makes it an obvious choice on the basis of both sampling factors.

The demographic details of the 20 largest localities of the Greater Accra region are presented in Table 6-2 below. Neighbourhoods within these localities were further classified into policy zones according to their predominant real estate policies for ease of reference (Table 6-2). As illustrated in Table 2, apart from regulative policies, which generally apply nationwide, distributive and redistributive policies in Ghana have been enforced in specific neighbourhoods. Even with the regulative policies, certain strands are applicable only within specific neighbourhoods. For impact evaluation purposes thus, it was presumed vital to select these neighbourhoods in ways that would ensure that neighbourhoods with different applicable policies are sampled to enable some sense of control and comparison to be established for counter factual reasons. Even so, since the localities vary widely in their urban character, it was important to make the urban attribute a factor in the selection of the localities to be surveyed.

The locality sampling was thus based on two main factors. First was the size of the population as an indicator of their urban status. Second was the type of applicable policies. This was to maximise variance and also to avoid sampling of localities that have fewer than necessary applicable policies.

The table shows that within the Greater Accra region, the Accra metropolis is by far the most urbanised locality with an appropriate blend of applicable policies. Figure 6-1 below is a map of the city of Accra. Preliminary inquiries revealed however that distinctive data on redistributive policy zone in the Accra metropolis were relatively difficult to come by.

Figure 6-1: Map of Accra, Ghana

Source: Ghana Survey Department

Table 6-2 provides statistics and policy attributes of the twenty largest localities in Accra, Ghana.

Table 6-2: 20 Largest Localities of the Greater Accra Region of Ghana

Locality	Population	Total houses	Policy Zones
Accra Metropolis	1,658,937	131,355	Mixed (except redistributive)
Ashaiman	150,312	9,813	Regulative – Zone 1
Tema	141,479	17,199	Distributive
Madina	76,697	6,948	Regulative - Zone 1 & 2
Tema Newtown	58,786	4,771	Regulative - Zone 1
Adenta East	31,070	5,060	Regulative – Zone 1
Lashibi	30,193	5,191	Regulative – Zone 1
Dome	29,193	3,448	Regulative – Zone 1
Gbawe	28,989	4,193	Regulative – Zone 1
Taifa	26,145	3,289	Regulative – Zone 1
New Achimota	22,767	2,898	Redistributive
Sakumono	20,172	3,028	Distributive
Awoshie	19,890	1,906	Regulative – Zone 1
Ofankor	16,177	2,219	Distributive and Redistributive
Anyaa	15,738	2,281	Regulative – Zone 1
Chantan	13,585	1,426	Regulative – Zone 1
Amanfrom	12,803	1,704	Regulative – Zone 1
Adenta West	12,559	1,825	Distributive
Sowutuom	12,520	1,503	Regulative – Zone 1
Ashale Botwe	11,974	1,667	Regulative- Zone 1

Source: Adapted from GSS (2002b)

This is because, in this locality, the redistributive zone, East Legon Ambassadorial Area, is so close and in some parts so enmeshed with the distributive policy zones, East Legon Residential Area. Such is the proximity of the two policy zones that it was anticipated that the differences in the impacts of the redistributive policies could not so objectively be distinguished from those of the distributive policies using the contingent valuation technique.

Thus a redistributive policy zone that is considerably adrift of distributive policy zones had to be selected. From the table it could be noted that the only such locality is the New Achimota locality otherwise referred to as the Sports Complex area. This locality is almost exclusively a redistributive policy zone as briefly discussed below and was thus purposively sampled. As the Accra metropolis has some 20 or so distributive policy zones and an equally large number of regulative

policy zones 1 and 2, random sampling was used at this stage to sample the distributive and regulative policy zones within these neighbourhoods.

6.6.1 The Sampled Redistributive Policy Zone: New Achimota Area

This zone is located in the North western section of Accra covering approximately 2,870.60 acres of land which was originally acquired by the Government of Ghana under the Executive Instrument No. 61 of 1975 for a National Sports Complex with adjacent first class residential and commercial areas. The Sports Complex Residential Area comprises about 962 acres, to be managed by the Lands Commission. An approved planning scheme was prepared for the area creating 799 residential plots and 21 plots for other uses. These plots were allocated for private residential development between 1977 and 1979. The State Housing Company was to develop housing estates on 1,099.2 acres of the land as part of the development of the complex. The remaining 870.20 acres were reserved as the sporting zone where all the sports facilities were to be built.

For various reasons government did not pay compensation to the 352 dispossessed landowners. This inertia on the part of government engendered a spate of encroachment in the area in 1987. Attempts by government to combat and check these encroachments including construction of access roads and demolishing of encroached properties, which proved futile. By 1989, the landowners had started using thugs to threaten the lives of officers of the Lands Commission who patrol the area. This made any attempt to stop the encroachments even more futile. Thus, though by 1979 all 799 plots had been allocated by the Commission only 487 of the lessees were able to take possession of their plots due to resistance from the disposed owners. In all at least 90 percent of the area was at the time of the study under encroachment by the disposed owners. These encroachers are having difficulties obtaining formal titles to their properties.

6.6.2 The Sampled Distributive Policy Zone: East Legon Area

This policy zone is located within the North Eastern section of Accra metropolis covering an area of 5.6 square miles. This zone was compulsorily acquired in 1944 by the then Government of the Gold Coast (now Ghana) under Certificate of Title No. 404/1944. This was acquired as an extension to the previously acquired 1.248

square miles in 1936 for an Anti-Amaryl Aerodrome under Certificate of Title no. 252/36. While portions of the Anti-Amaryl Aerodrome land were developed into the Kotoka International Airport, the acquired extension remains essentially undeveloped for almost two decades. In 1960 the first postcolonial Cabinet authorised the subdivision of the extension into urban land uses for distribution to private developers. The East Legon Residential Area layout encapsulated five existing settlements - Shiashie, Abotsiman, Okponglo, La Bawaleshie and Gointe. Upon a petition to the Head of State a committee of enquiry was set up in 1975, which recommended that all the settlements be retained, but the residents should upgrade their structures to meet the standard of development envisaged for the area[5]. The Lands Commission commenced plots allocations for private development at East Legon in 1975/76. It was however not until 1980/81 that access roads were provided in the estate (Larbi, 1994). Due to a shortage of state lands in Accra in general, re-entries have been rigorously pursued in East Legon (since 1985) and other government distributive zones of Accra to recover undeveloped lands for re-allocation (see Larbi, 1994).

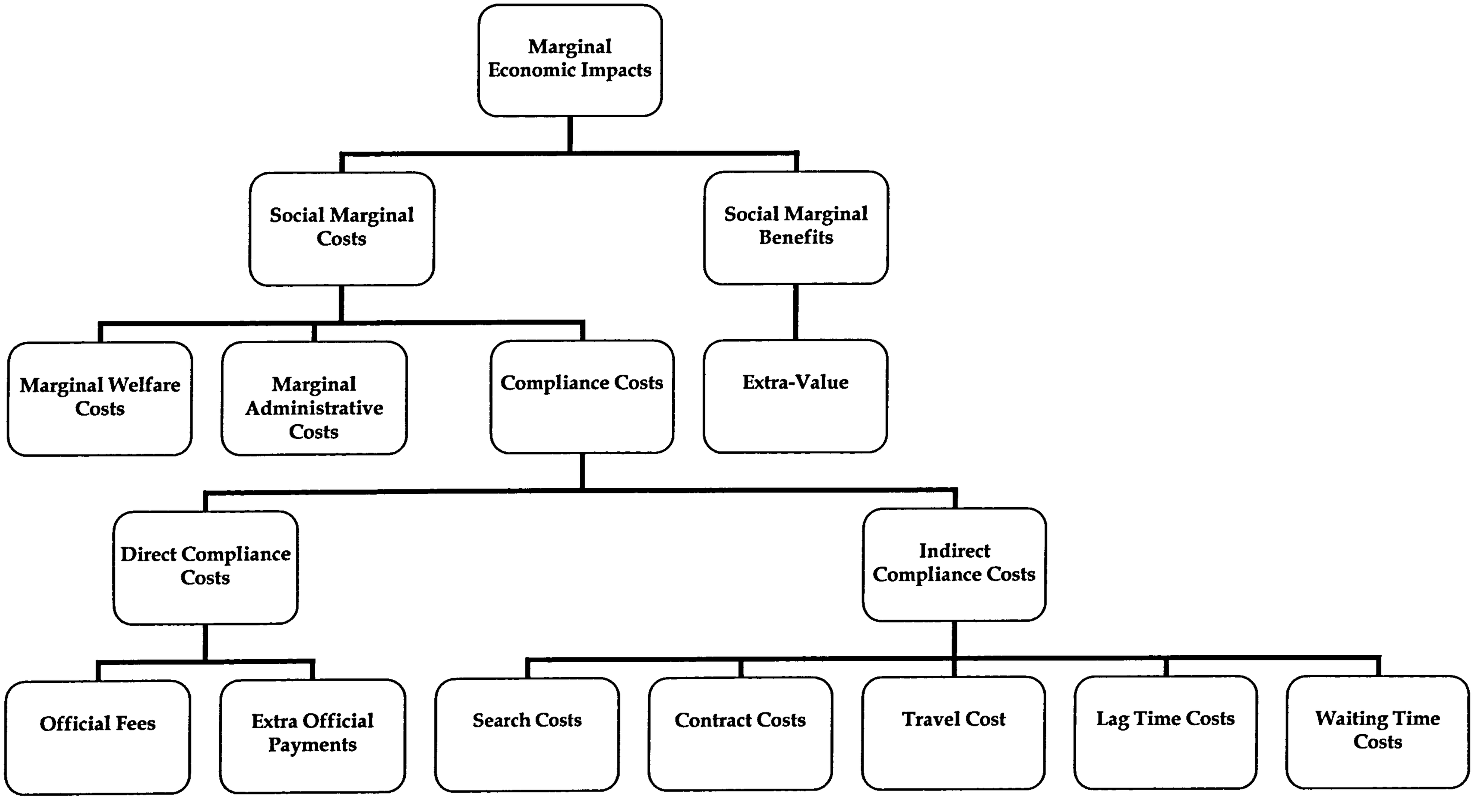
6.6.3 The sampled Regulative Policy Zones 1 and 2: Ajirigano and Baatsonaa

These are areas typically controlled by traditional land owning agents. The sampled Policy zone 1, Ajirigano, is a comparatively new and fast developing residential area contiguous to the East Legon distributive zone. The Odaitei Tsewe family as affirmed by a high court judgement owns lands in this policy zone. Policy zone 2, Baatsonaa, is located within the South Eastern section of Accra. Lands in this area are owned and administered by the Nungua land owning Stool, a corporate land owning community.

Having established the sampled respondents, participants and policy zones of Ghana that this study concentrated on, the next section takes a look at the type of variables on which data was procured for the analysis. Figure 6-2 provides the structural relationships of the central variables of the study.

[5] The full recommendations of the Committee of enquiry are found in the Alomatu Committee Report, Ministry of Lands and Forestry, July, 1978. In all 103 dwelling houses had either been turned into a developable plot or was affected by a road.

Figure 6-2: The Hierarchy of Variables in the Study



6.7 THE VARIABLES IN THE STUDY

In order to assess the validity of the hypothesis, measures of the constituent variables or constructs in the hypothesis were devised. As the Table 6-2 depicts, the central goal was to obtain information on the dependent variable, economic impacts. This dependent variable however depended on the two key independent or explanatory variables- social costs and social benefits of the respective real estate policies. These top level independent variables are also dependent on a series of subordinate independent variables. In the case of the social costs, these subordinate independent variables consist of welfare costs of policies, the administrative costs of policy enforcement and the costs of complying with applicable policies. The compliance costs independent variables are also derivable from two main subordinate independent variables: direct compliance costs and indirect compliance costs variables. The direct compliance costs depended on the subordinate variables: Official fees and Extra-official payments. Yet the indirect compliance costs variable depended on some five subordinate independent variables namely; Search costs, Contract costs, Travel costs, Lag time costs and Waiting time costs. As can be seen from the diagram the social benefit variable was derived mainly from a single subordinate variable; the Extra value.

Thus by capturing data on variables at the lowest level of the hierarchy, the higher-level variables can be computed. Data on the lowest level variables were captured using purposively designed research instruments. The data obtained was analysed and inputted into the framework equation in Chapter 5 to estimate the economic impacts of the real estate policies.

6.8 THE SURVEY INSTRUMENTS

To obtain the relevant data on the outlined variables three separate instruments were developed and administered. The first instrument, indexed as CP-COST001-2004/5 was developed and used exclusively to collect data on the costs of compliance with particular real estate policies in Ghana. The main respondents for this instrument were the real estate policy recipients as described above. The instrument is subdivided into five main sections. **Table 6-3** summarises the contents of the instrument. In all, the instruments comprised 21 distinct questions

measuring five distinct independent variables. A sample of the questionnaire is provided at the appendix 19 at page 324.

Table 6-3: Summary of the Contents of Survey Instruments

Instrument Sections	Measured Variables	Survey Instrument Number	Items on Survey Instrument
1	Respondent's Attributes	CP-COST001-2004/5	Q1 to Q6
2	Search Costs	CP-COST0 01-2004/5	Q7 to Q9
3	Costs of Contract	CP-COST001-2004/5	Q10 to Q13
4	Expediting payments	CP-COST001-2004/5	Q14 to Q16
5	Follow up Costs	CP-COST001-2004/5	Q17 to Q21
6	Costs of Policy Administration	AD-COSTS002-2004/5	All
7	Respondent's Profile	EX-VALUE003-2004/5	Q1 and Q2
8	Extra Benefits of distributive Policies	EX-VALUE003-2004/5	Q3a, Q3b, Q3c, Q3d
9	Extra Benefits of Regulative Policies-Zone-1	EX-VALUE003-2004/5	Q4e, Q4f, Q4g, Q4h,
10	Extra Benefits of Regulative Policies-Zone-2	EX-VALUE003-2004/5	Q5i, Q5j, Q5k, Q5l
11	Extra Benefits of Redistributive Policies	EX-VALUE003-2004/5	Q6m, Q6n, Q6o, Q6p

The second instrument, indexed, as AD-COSTS002-2004/5 was developed to compile data on the administrative costs incurred in administering particular segments of real estate policies. This instrument was developed in a spreadsheet format with provisions for (1) Name of policy enforcement activity (2) Type of human resource used and (3) Duration of the activity. A sample of this survey instrument is also provided at the appendix 20 at page 330. The data obtained using this instrument was supplemented with data gleaned from other administrative records and interviews with officials of the enforcement agencies to approximate the administrative costs incurred in administering particular policies.

The third instrument, indexed EX-VALUE003-2004/5 was also developed and used to obtain valuers expert opinion of the economic worth of particular applicable policies. As shown in the table, the instrument is structured into five main sections comprising a total of 20 identical questions. A sample of this survey instrument is provided at the appendix 21 at page 331.

6.9 DATA COLLECTION STRATEGIES

Data for this study was collected over a period of seven months from June 2004 through January 2005. The instruments were pre-tested in a pilot survey involving 15 policy recipients, two valuers and one policy delivery institution, the Lands Commission. The pilot revealed that alternative instrument administration methods as postal, email or telephone were unworkable in Ghana owing to the lack of pre-existing published lists including addresses, email and telephone numbers.

These methods were also likely to be relatively more expensive to administer with the possibility of considerably low response rates. Also, generally it was found that respondents were much more comfortable with the face-to-face approach as this provided the opportunity to seek clarification of questions that were unclear to them in the course of the interviews. They also found it less bothersome that the postal method in particular, which would have required them to devote extra time to return it through the post at their own transportation and, expense. Another advantage of the face-to-face methods over the telephone interview method for instance was the assurance that respondents were dealing with people they can see and deal with in a real life context without any suspicion of scams which could highly influence the candour with which they respond to questions. As a result, a decision was taken on the field to administer instruments CP-COST001-2004/5 and EX-VALUE003-2004/5 exclusively by face-to-face interview approach. Four field officers were recruited for the task. This approach led to a 100 percent response rate.

With regard to data on the costs of policy administration a different approach was used because this information was largely unknown by operatives of the responsible organisations. Much of the requisite data was thus acquired from first principles through data triangulation by collecting the data from multiple sources including interviews, observations and document analysis. This highlights an important issue for real estate policy studies in sub-Saharan Africa in general and necessitates sensitivity in the design of instruments and the way data on these

variables are measured. The data collection on this particular variable was thus organised in phases as discussed below.

6.9.1 Policy Supply Costs

In Ghana, real estate policies are implemented via an established long continuum of multi-segmented official processes and procedures. This study identified at least 20 distinct segments of the policy enforcement process. The six different core public bureaucracies independently enforce the distinct segments of this continuum. The process-based approach to policy delivery in Ghana implies that the costs of policy supply or administration are the costs of all the interlinked processes required to implement the various segments of the continuum. This implies that an effective way of measuring the costs and benefits variables of real estate policies in Ghana turns essentially on the measurement of the costs and benefits dimensions of the various segments of the continuum together with the costs of running the organisations. To measure this, there is the need for a rational, objective and valid means by which these costs for the respective segments can be examined. Since the devised framework relies on marginal costs and benefits variables to evaluate impacts, the approach adopted was to determine and accumulate the costs of rendering a unit of service under particular real estate policy. Under normal circumstances the direct variable costs for a service rendered could simply be computed by estimating the costs of labour hours, material costs and overheads chargeable to particular processes.

This can only yield reliable results in organisations that have a well structured costs accounting system in which materials issued are chargeable to an appropriate job number or overhead account, the relevant information being obtained from the stores requisitions (see further, Drury, 1996, p.60). However, all the enforcement agencies are bereft of such elaborate costs accounting systems making it all the more difficult and impracticable to use this approach. Preliminary investigations disclosed that traditionally public services in Ghana accumulate costs on aggregate terms and classify costs in organisational budgets into four main categories, personnel emolument, administrative, services and investment costs. It is thus these costs that had to be disintegrated in a way that would enable

the computation of the marginal costs of each segment of the processing continuum. The difficulty at this stage was to do with the choice of an appropriate allocation base or the measure for allocating these costs. Direct labour hours and / or machine hours are the most commonly used allocation based in most organisations (see further Drury, 1996, p.85).

This approach was adopted using labour hours rather than machine hours as machines hours are more relevant to manufacturing organisations rather than service organisations as the land sector agencies. Then again, there is another important difficulty that had to be prevailed over. In all the sampled organisations the basic source documents for analysing labour hours were nonexistent. None of the organisations kept job cards or time sheets from which accurate information on time spent per labour (the allocation base) per activity could be analysed. In addition idle time cards to record times when particular labour was not working on task was also not kept by any of the sampled agencies, indeed all the public services in Ghana. Since labour hours were the adopted allocation base, it was inevitable that the labour hours spent per activity had to be estimated. In the absence of these key documents the most feasible approach was to estimate from first principles.

To build up systematically over a period of time an account of the labour hours spent naturally at each stage of the policy enforcement processes – gaining an insider view of the processing time, an observational research method was used. The first principle approach meant that any account of labour hours spent on policy enforcement processes were to be on account of the way staff of the sampled institutions work presently. Beker and Geer (1970, p.133) defined such participant observation as that 'method in which the observer participates in the daily life of people under studies either openly in the role of researcher or covertly in some disguised role'. This method of data collection has been previously employed in social science research since the 1920s in America by sociologists (Acroyed and Hughes, 1992). In much recent times DeSoto (2000) employed the approach to investigate real estate market performance in the third world. In this study this was accomplished through the research team's participation in the

processes of the organisation to be able to observe and capture the actual time spent per labour on each activity. This method of data collection, in contrast to the survey methods used, involved the research team in a series of engagements in quite ordinary social and work situations in which the research aim of the encounter was concealed or at least not disclosed as the paramount point of the encounter. This was to avoid reactive effects from staff of the agencies, which could disturb the naturalness of their mode of conduct. Rather the team took advantage of the fact that the land sector agencies of Ghana allowed private outsiders to follow through the processing of their applications from stage to stage and from office to office. It was thus convenient for the team to pose as individuals following up their documents in the normal way. This was based on insights from Gold's (1960) statement that:

> The complete participant realises that he and he alone, knows that in reality he is other than the person he pretends to be. He must pretend that his real self is represented by the role or roles, he plays in and out of the ...situation in relationship with people who to him are but informants...He must bind the mask of pretence to himself or stand the risk of exposure or failure.

In such pose, the team were able to record the time spent by staff at each stage on a pre-prepared time spread sheet as they moved from one office or task to the next. The spreadsheet served thus as a field log which enabled a detailed account of the hours spent per labour category on an activity to be chronicled. Each step was observed thrice and the average time adopted. Actually more than three observations would definitely have improved the accuracy of the recorded time for respective activities. But available resources did not permit that. As a safeguard measure thus irrespective of the situation encountered in the process the field staff ensured that the time was recorded as accurately as possible. It was reckoned that with time individual field staff recruited for the purpose could easily slip out of their role as researchers and become instead overindulged in the processes- a phenomena termed in research theory as 'going native' (see further Gold, 1960).

Yet the team's over concentration on the research could risk their exposure which could result in suspect data, waste of time and resources (see further Gold, 1960).

Getting the balance right meant the need for considerable sensitivity in the recruitment of the research team for this task. To pre-empt 'going native', national service personnel within the organisations that had been with the organisation or sector for at least three years were recruited for the job. These recruited persons, were already very familiar with the work of the organisations and were considered unlikely to be so fascinated by events of the organisations as to cause them to slip from their researchers roles easily. However, it was recognised that because these field officers were known to the officers they were likely to be given preferential treatments and the cases they were following were likely to be dealt with quicker than usual. Thus the times recorded by these field officers were presumed to be the optimistic task durations. The method enabled the sampled organisations to be studied in their natural state.

The approach is obviously enmeshed with some ethical issues. It is the normal practice in research to inform participants and allow them to choose whether to participate or not in the research. However in this study, this was most likely to jeopardise the research itself by unduly influencing the behaviour of the people involved. To overcome this problem, since the data obtained related to the organisation as a whole rather than the individual operatives, permission was sought and granted from the heads of the sampled organisations.

The approach helped track first hand, the actual labour hours spent per real estate policy processing activity in Ghana. The labour rates for each class of labour were then applied to compute the labour costs per activity. To ensure that the true costs of policy enforcement was obtained; the market labour rate (rates paid to staff of private survey and valuation firms in Ghana), rather than the actual salary of the staff (which is considerably lower) were used to compute the labour costs per activity.

6.10 THE DATA ANALYSIS

The main data obtained from the field survey were coded into Microsoft excel computer software version 2003, a spreadsheet analytical package. The data on the

costs of procedures for administering the policies were however coded and analysed with Microsoft Project version 2003, a project planning and monitoring software package. The data were thoroughly inspected and cleaned after which the real analysis commenced. The Microsoft Project package enabled the computation of the costs per policy task based on the costs of the hourly rate of the human resources used per task and the duration of the task. Subsequently, the costs of materials and other resources employed were also incorporated to deduce the estimate of the costs per task.

Descriptive analysis was also conducted on the data for the lowermost key subordinate variables in the above reference figure. Based on this analysis the most typical value (mean, median or mode) was adopted as the relevant data for the corresponding variable. These typical values were put together to accumulate the values for the next level variables which in turn were also put together to accumulate the next until the ultimate dependent variable was estimated for each policy strand using the devised measuring framework (Chapter 5).

In evaluating the running costs of the agencies responsible for administering the policies however there was recourse to employ analysis of variance (ANOVA). Similarly, stepwise regression analysis was employed to evaluate the unique contribution of policies to land values, the extra benefits, in the respective policy zones as required by the measuring framework. These analyses were aided by the use of quantitative data analysis computer program, SPSS and Microsoft Excel. Generally multiple regression analysis is a statistical technique that helps determine the proportion of variance in, preferably normally distributed dependent variable, accounted for by two or more independent variables taking into account the associations between those independent variables themselves (Cramer, 2003, p.59). The stepwise regression technique is one of two main ways that the multiple regression method is used. The other is the hierarchical regression method. The stepwise method helps determine which variables explain the greatest and significant proportions of the variance in the dependent variable of interest and what these proportions are. The coefficient provides information on

the magnitude of the unique contributions that each independent variable makes to the dependent variables.

Analysis of variance (ANOVA) or *F*-test is a parametric statistical technique for determining whether the variance in quantitative variables differ significantly from that expected by chance (Cramer, 2003, p.59). This is achieved by testing whether the samples drawn come from the populations with equal mean, by comparing the means of the samples (Argyrous, 2003). The means are indirectly examined using the estimates of population variances instead (Black, 1999). This was employed to establish whether the agencies enforcing real estate policies in Ghana exhibits budget maximising tendencies, a tendency that could be promoting wasteful expenses in policy administration.

6.11 ETHICAL CONSIDERATIONS

Lately, ethical considerations have become almost a condition without which the admissibility of research in both academia and industry is highly curtailed. Certainly this is of grave concern to the University of Wolverhampton where this research is based. As a result important steps were taken to ensure that ethical issues were properly addressed in keeping with the requirements of the University of Wolverhampton. The detail steps taken to ensure conformity of the study with the ethics requirements of the University's standards and this was approved by the relevant ethical committee before embarking on the field study. These are summarised in this section.

First and foremost the obligation to respect the rights, needs, values and desires of respondents and participating organisations were given high premium through out the study. To an extent the observational methods and administrative records search employed in this study was somewhat obtrusive which invaded the records and activities of the sampled agencies and participants. In the course of the study sensitive information were encountered intermittently. This was of important ethical consideration as the public services are highly visible and was found to be under significant scrutiny by both the press and the Ghanaian public.

Thus the following safeguards were employed to protect the respondents and participating institutions. Firstly the research objectives as well as a description of

how the data was to be collected and analysed were clearly articulated verbally (often in the applicable local dialect) and in writing at the header of the survey instruments so that they were clearly understood by respondents and participants. Secondly, permission to proceed with the study as articulated was obtained from each head of the respective agencies before commencing the survey. Thirdly, the rights, interests and wishes of the participating agencies regarding reporting of the data and informant anonymity was given priority in the analysis of the data and presentation of the results.

6.12 SUMMARY

This chapter has outlined the basic processes by which the raw materials for evaluating the economic impacts of urban real estate policies in sub-Saharan Africa using Ghana as the case study has been compressed and arranged in this study. The stage is now set for the presentation of the results of the outcomes of the data collection and analysis phase of the study. These will be the task of Chapters 7 to 9.

Chapter 7

Findings and Analysis of the Marginal Costs

7.1 INTRODUCTION

Having devised a taxonomy for real estate policies in sub-Saharan Africa (see Chapter 4), formulated the measuring framework for analysing the impacts of these respective policies (see Chapter 5) and laid out the processes by which data was obtained for the computation of the impacts (see Chapter 6), the study now turns to the actual evaluation of the impacts. Specifically, this Chapter and the next addresses four of the five yet unaddressed research questions of the thesis raised in Chapter 1 (see section 1.6) vis: What is the quantitative balance between the costs and benefits of these policies? What is the magnitude of the impacts of extant sub-Saharan Africa urban real estate policies on the economic welfare of real estate market dealers and the broad economy? What are the relationships between the real estate policy types and the scale of the economic impacts they reproduce on market dealers and the broad economy? How do these impacts materialise? It is noted in Chapter 5 that these fundamental questions have two main aspects; the social costs aspect and the benefit aspect (see also Figure 5-3). This chapter concentrates on analysing the social costs aspects of these questions using Equation 7-1 of Chapter 5, page 146 which is reproduced as follows:

$$MS_{rp}^{c} = \vartheta_g + \frac{1}{2}\left((\varepsilon_r^p(\omega_1 + \omega_2)^2 p_e\right)$$

In which MS_{rp}^{c} = marginal social costs, welfare costs W_c is represented by the $\frac{1}{2}\left((\varepsilon_r^p(\omega_1 + \omega_{21})^2 p_e\right)$ component of the equation and ε_r^p = price elasticity of real estate. ω_1 = the composite indirect compliance costs made up of- Costs of Contract documentation, Costs of Site Plan, Travel Costs, Costs of lag time and so on. ω_2 = Costs of official charges and ϑ_g = Costs of policy administration.

The chapter first reports information regarding the data and the response rate followed by the reporting of the results and data analysis. This is then followed with the computation of the social costs dimension of the respective policies.

7.2 DATA COLLECTION RESPONSE RATE

To answer the social costs perspective of the above restated research questions, the overall strategy was to survey a sample of 500 policy recipients, randomly selected to maximise variation in the independent variables using questionnaire No. CP-COST001-2004/5 developed for this thesis. However, owing to resource and time constraints, a total of 303 representing a shortfall of 197 from the target sample size were surveyed using a face-to-face questionnaire administration method as explained in Chapter 6. No questionnaire was posted or left to respondents for later collection or administration.

The main research data obtained is summarised using descriptive statistics and grouped by variable types in accordance with the measuring framework. The descriptive statistics of each main variable in the research question is analysed in separate sections of the chapter. At the end of the chapter the arithmetic means of the variables are plugged into the above reproduced equation to evaluate the social costs dimensions of the policies.

Before turning to the analysis of this variable, the profile of the surveyed respondents is reported below using the Chi-Square statistical procedure. The Chi-square procedure tests the hypothesis that the row and column variables in a cross tabulation are independent of each other. The main test statistics under the Chi-Square procedure is the Pearson Chi-Square statistic. A low significance value for the Chi-Square statistics, typically below 0.05, indicates the existence of significant relationship between the two variables.

7.2.1 Capacity and Gender of Respondents

The gender and capacity profile of the respondents surveyed to address the research question are summarized in Table 7-1. Of the 303 respondents, 302 indicated their capacity or status on the real estate market. Of the 302, 223 (about 73 percent) are males and 79 (about 27 percent) females. 56.62 percent of the surveyed respondents (total = 171 respondents, males = 123 (71.93 percent), female

= 48 (28.62 percent)) were private land or property purchasers. 11.26 percent (total = 34 respondents, males=23 (67.65 percent), females=11 (32.35 percent) were staff of Real Estate development companies.

Table 7-1: Capacity and Gender of Respondents

Gender		Capacity						Total
		Private Purchasers	Estate Developers	Estate Agents	Solicitors	Purchaser For Friends	Others	
Male	Count	123	23	10	20	35	12	223
	% within Gender	55.16	10.31	4.48	8.97	15.70	5.38	100
	% within Capacity	71.93	67.65	66.67	83.33	77.78	92.31	74
Female	Count	48.00	11.00	5.00	4.00	10.00	1.00	79
	% within Gender	60.76	13.92	6.33	5.06	12.66	1.27	100
	% within Capacity	28.07	32.35	33.33	16.67	22.22	7.69	26
Total	Count	171.00	34.00	15.00	24.00	45.00	13.00	302
	% within Gender	56.62	11.26	4.97	7.95	14.90	4.30	100
	% within Capacity	100	100	100	100	100	100	100

Source: Field Survey

Estate Agents formed 4.97 percent of the respondents (total = 15, males = 10 (66.67 percent), females=4 (16.67 percent). Solicitors also comprised 7.95 percent of the respondents (total =24, males=20 (83.33 percent), female = 4 (16.67 percent)). Respondents who purchased lands or properties for friends or relatives resident abroad constituted 14.90 percent of the total respondents (total = 45, males = 35 (77.78 percent), female = 10 (22.22 percent). Respondents with other status represented 4.3 percent (total = 13, male = 12 (92.31 percent), female = (7.69 percent)).

7.2.2 Income Status and Gender of Respondents

Table 7-2 reports the results cross-tabulated data of the income status and Gender of the respondents. The results indicate that 28.7 percent (total = 113, males = 31.86 (78.16 percent), female = 68.14 (21.84 percent)) of the respondents earned monthly income of less than ¢1,000,000.00. 37.29 percent (total = 49, males = 77 (68.14 percent), females = 36 (31.86 percent)) earned monthly income of between ¢1,000,001 and ¢4,000,000.00. Also 16.17 percent (total = 49, males = 41 (83.67 percent), females = 8 (16.33 percent)) earned income of between ¢4,000,001.00 and ¢7,000,000.00.

Table 7-2: Income Status and Gender of Respondents

Crosstab

			Income Status					Total
			Below 1,000,000.00	Between 1,000,001.00 and 4,000,000	Between 4,000,001.00 and 7,000,000	Between 7,000,001.00 and 10,000,000.00	Above 10,000,000.00	
Gender	Male	Count	68	77	41	18	20	224
		% within Gender	30.36	34.38	18.30	8.04	8.93	100
		% within Income Status	78.16	68.14	83.67	81.82	62.50	74
	Female	Count	19.00	36.00	8.00	4.00	12.00	79
		% within Gender	24.05	45.57	10.13	5.06	15.19	100
		% within Income Status	21.84	31.86	16.33	18.18	37.50	26
Total		Count	87.00	113.00	49.00	22.00	32.00	303
		% within Gender	28.71	37.29	16.17	7.26	10.56	100
		% within Income Status	100	100	100	100	100	100

Then again, 7.26 percent of the respondents (total = 22, males = 18 (81.82 percent), female = 4 (18.18 percent)) earned monthly income of between ¢7,000,001.00 and ¢10,000,000.00. 10.56 percent of respondents (total = 32, males = 20 (62.50 percent), female = 12 (37.50 percent)) of respondents earned monthly income of more than ¢10,000,000.00.

7.2.3 Policy Zone and Gender

The results of a cross tabulation analysis of the relationship between the purchases of land or properties with particular policy zones and gender is summarised in Table 7-3.

Table 7-3 Policy Zone and Gender of Respondents

			P-Zone			Total
			Regulative Policy Zone	Distributive Policy Zone	Redistributive Policy Zone	
Gender	Male	Count	89	35	45	224
		% Within Gender	39.73	15.63	20.09	100
		% Within P-Zone	80.18	74.47	66.18	74
	Female	Count	22.00	12.00	23.00	79
		% Within Gender	27.85	15.19	29.11	100
		% Within P-Zone	19.82	25.53	33.82	26
Total		Count	111.00	47.00	68.00	303
		% Within Gender	36.63	15.51	22.44	100
		% Within P-Zone	100	100	100	100

Source: Field Survey

The results show that 36.63 percent of the respondents (total 111, male= 89 (80.18 percent), female = 22 (19.82 percent)) purchased land or property within the regulative policy zone. 15.51 percent (total = 47, male = 35 (74.47 percent), female= 12 (25.53 percent) have purchased land or property within distributive policy zones whiles 22.44 percent (total = 68, male = 44 (66.18 percent), female = 23 (33.82 percent)) have purchased land and property within redistributive policy zones.

With the attributes of respondents reported, the Chapter now reports the data and descriptive analysis of the main social costs variables of the study.

7.3 THE SOCIAL COSTS ANALYSIS

As alluded to in Chapter 5, real estate policies in Ghana are delivered through a complex web of prima facie legal and administrative procedures depicted by Berg (1971) as an 'administrative jungle'. In compliance with these procedures, real estate transactions in Ghana are bunched up into categories and are formalized

according to the applicable processes. In its operational form, particular combinations of processes complete a formalisation procedure for specific categories of real estate transactions. Real estate transaction documents submitted to appropriate government offices for formalisation are thus passed through these requisite set of processes. The essential reason for these prima facie processes is probably to introduce certainty and impartiality in real estate policy enforcement in pursuit of the goals of respective real estate policies.

Law prescribes the principal procedural and processing requirements affecting property market transactions. In addition to these laws, various circulars, directives, orders, bulletins, gazettes and guides have constantly abated or amplified these procedures and processes. The procedures have progressively circumscribed the limits within which property decisions can be made and heightened the standards of expected behaviours of economic actors. Property market dealers of all sorts and in all sections have increasingly had to acquaint themselves to the intricacies of these formalisation procedures and to incorporate their costs incidences in their market decisions. These have combined to produce procedures that are far too complex and involved; making it far easier to point out what in these processes are doing harm than what is generating benefit.

The repercussions of these processes extend beyond the individual complying market dealers and are felt by the wider society in the form of social welfare costs. This implies that an effective means of discovering the scale of social welfare costs of real estate policies in Ghana is to evaluate the costs of these prima facie processes. This is a somewhat complex undertaking given that these costs originate from diverse sources, are faced by different groups of actors and are engendered by different phenomena. The government of Ghana for instance incurs real estate policy costs essentially through the exclusive funding of the running costs of the respective implementing institutions (see further Chapter 7). Then again, market dealers face a multifaceted regime of real estate policy compliance costs, direct and indirect. The demand based policy delivery approach adopted in Ghana for instance oblige market dealers to, on their own volition, tender their real estate transaction documents and contracts to respective government agencies for formalisation and compliance. To achieve this, real estate market dealers in Ghana

expose themselves to a wide spectrum of costs from the contract formation stage through formalisation stages to final registration.

The question that falls to be examined in this chapter is; what is the scale of the allied social costs of this compliance incidental costs? Are these policies, from a welfare costs perspective, justified and worthwhile? Deriving from the research questions raised in chapter 1 the study predicts in Chapter 6 that:

H_1 Regulative real estate policies will have lower compliance costs than distributive and redistributive polices.

H_2 Redistributive real estate policies will have higher compliance costs than distributive policies.

H_3 Regulative real estate policies will have lower social welfare costs than distributive and redistributive real estate policies.

H_4 Distributive real estate policies will have lower social welfare costs than redistributive real estate policies.

These hypotheses are verified in this chapter. Chapter 9 will explore further the commensurability of the social costs of these policies with the gains they bring about.

7.4 THE SOCIAL MARGINAL COSTS OF REAL ESTATE POLICIES

As established in Chapter 5 the social marginal costs is the sum total of: (1) The marginal welfare losses associated with the market distortions induced by charges and payments incidental to particular policies; (2) The marginal administrative costs incurred by governmental departments in administering the policies; and (3) the actual out of pocket compliance costs. The requisite variables for these components are assessed based on the empirical data from the field survey.

Before directing attention to the ensuing discussions, it needs to be borne in mind that in Ghana different real estate policy delivery processes require different compliance activities and hence different indirect compliance costs are incurred. Besides the compliance costs incurred accumulates as market dealers' progress from one compliance activity to another. Each indirect compliance cost contributes a fragment to the overall costs incurred under particular policies. Thus in

computing the indirect compliance costs incurred by applicants under the various compliance processes, a two-staged process is adopted. Firstly the major activities involved in the policy delivery processes are identified both from the perspectives of the government and real estate market dealers. The second stage is to trace the costs of each activity and accumulate them for particular policy delivery process according to the process' demand for these activities. The data for this analysis were obtained from direct field survey of market dealers and participants (public officers) observation (Chapter 6).

7.5 THE MARGINAL INDIRECT COMPLIANCE COSTS (ω_1)

The analysis found that rather than reducing costs and risk associated with contracts, existing policies surrounding real estate contracts, formation and registration are amplifying the costs. The full impacts of these costs are not always clear, as only a minute proportion of these costs are empirically observable. Much of these costs emanates from far too complex sources that cannot be easily computed in quantitative terms. As a result, the social costs computed in this chapter are based on the observable costs only and are thus indications of the minimum rather than categorical statements of the social costs of the respective policies.

7.5.1 The Marginal Costs of Real Estate Contract Formation

Hitherto, under indigenous tenure and laws land transactions were essentially parole contracts without any requirements to reduce them into writing or was writing in any form essential for validity (on which see further Woodman, 1996). Costs of contract were thus negligible or non-existent. By virtue of series of enactments in Ghana such as the Administration of Lands Act, 1962 (Act, 123), The Land Registry Act, 1962 (Act 122) and the Conveyancing Decree, 1973 (NRCD, 175) policies made writing a requirement for land transactions in Ghana. The thrust of these policies is to impose requirements of writing on commercial contracts. The chief merits of this requirement seem to be the minimization of costs of contract by introducing a measure of certainty, coherence and clarity in commercial real estate transactions in the country. The Conveyancing decree (supra) specifically in conjunction with the common law for instance economizes on transaction costs by reducing the complexity and hence costs of transactions. The law accomplished

this in supplying a set of templates of normal terms of real estate contracts that otherwise would have to be negotiated expressly by transacting parties at costs. Compliance with these requirements for writing, subject to various provisos, give rise to rights in the contracting parties of remedies in the form of actions for damages, injunctions and decrees of specific performance.

The real costs of these enactments however is that the indigenous system has not yet in practice discarded the long established practices of parole transactions, though in few cases have strained to comply with the requirements for writing. This is understandable from an economics perspective. Such is the spate of disregard to these policies that the World Bank (2005b) estimates for instance that in Ghana only eight percent of transactions are formalised. The American Cadastre (1998, p.6) also estimates that within the urban precincts of Ghana only 30 per cent of transactions are formalized. The costs are the huge information gaps that have emerged in these markets which are denying the market of the efficiency benefits of full and cheap information.

Costly also is the fact that, often, in practice, what appear to be perfectly written real estate contracts indeed conceal essential matters such as the true price, consideration and duration of transactions that the parties actually agreed on. These are contrived rather than actual to evade other policies such as the Stamp Duty Ordinance under and the Office of the Administrator of Stool Lands Act (Act 481) and Article 257(5) of the 1992 constitution, which imposes severe restrictions on earnings, and terms of real estate transactions.

A curious finding of this survey is that a majority (about 85 percent) of deed of conveyances in Ghana are framed and typed by typists (not solicitors) of the policy delivery bureaucracies already described in Chapter 5 and 7. These typists eventually find itinerant solicitors or barristers to endorse these typed leases without studying the contents for a small fee that currently ranged between ¢10,000.00 to ¢50,000.00. Just about 15 percent of deeds of conveyances are actually drawn up by solicitors in Ghana. Because the typists themselves frame these contracts they often embody matters that one or both of the parties had given no thought. Thus most of the contract documents circulating in the Ghanaian real estate system are in reality sheer evidence that some transactions took place

between the parties. They do not provide the substance of the transactions. This state of affair apart from undermining the justification for government interventions is constantly keeping the market misinformed. This also denies the market the efficiency functions of true transaction data at costs. It is impossible for policy experts, investors, and market dealers to rely on data extracted from these information to guide decisions. The question then is of what value is such documentation apart from portraying evidence of compliance with the law for the eight percent?

Such is the nature of contracts on which real estate dealers expend resources and for which huge government bureaucracies have as well been established and funded annually (see Chapter 7) to formalize or record onto official registers. Because these deeds are not normally drawn out by solicitors they cost (direct costs) on the average much lower than they would normally have cost if the documents were being prepared by solicitors as the policies envisaged.

Table 7-4 reports descriptive statistics on the unit costs data obtain for such largely spurious contract documents. According to the table the marginal costs for such contract documents range from a minimum of ¢50,000.00 to a maximum of ¢500,000.00 with a mean costs of about ¢125,000.00. By focusing on the mean it is possible to establish the typical costs of contract document preparation.

Table 7-4 : Descriptive Statistics on Costs of Real Estate Contracts (¢)

	N	Minimum	Maximum	Mean	Std. Deviation
Costs of Transaction Documents	105	50,000.00	500,000.00	123,047.62	77,783.28
Costs of Parcel Plan	104	50,000.00	800,000.00	128,605.77	186,434.94
Valid N (listwise)	92				

Source: Field Survey (June, 2004-January, 2005)

Additionally, the Survey Act, 1962 (Act, 127) require such transaction documents to be accompanied by site plans prepared by licensed surveyors. Again technical officers of the policy delivery bureaucracies who are not licensed surveyors invariably tend to prepare these site plans. They subsequently look for itinerant licensed surveyors to endorse as authors usually for small fees, currently of about ¢30,000.00 per building plot. Sometimes survey transparencies (Mylar) endorsed

by licensed surveyors for earlier jobs are recycled for subsequent jobs, a process termed in Ghanaian local parlance particularly in Accra as G*ansha*.

What is most disquieting is that officials of the delivery bureaucracies acknowledge the harm that this is causing but feel helpless for the reasons already advanced in Chapter 7. The vast majority of site plans affixed to real estate contract documents prepared this way are confirmed by officials of the delivery bureaucracies to be severely inaccurate. They sometimes deviate substantially or even bear no relation to the true triangulations of the contracted property. None of the various attempts by appropriate authorities to stop this practice have produced meaningful results. Again, from a costs perspective, this clearly unhealthy practice, appears to have reduced the potential mean direct costs of survey plans considerably in comparison to what would have been incurred if the right procedures were followed. As Table 7-4 illustrates, the costs of site plans in Ghana range from a minimum of ¢50,000.00 to a maximum of ¢800,000.00. The mean site plan costs in Ghana is about ¢130,000.00.

It is worth noting that these figures represent no more than the direct and perhaps the most easily calculable costs of property contract documentation in Ghana. The real costs indeed becomes apparent when the need arises for contracting parties to enforce their true negotiated agreements which are invariably at variance with what is embodied in the registered contract. It is difficult if not impossible to find empirically observable measures of these potential costs. But it is reasonable to suggest that this can be significant. How the direct costs of property contract documentation contribute to social welfare costs will be established in due course.

7.5.2 The Marginal Extra Official Costs

In addition to the requisite official fees several fragments of costs are incurred by complying market dealers. The World Bank (2005) estimates that the official charges for complying with real estate policies in Ghana average 4.1 percent of the value of the property being registered in Ghana. This figure represents only official payments. Extra official cost emanates essentially from the delays in the processing procedures of Ghana. The processing procedures in Ghana are so sluggish and severely gridlocked that the World Bank (2005) estimates, it takes on average 382

days to complete a single process. This study established further that just about 6.38 percent of real estate contracts are formalised in less than 100 days in Ghana whiles some 5 percent are completed in over 2101days. With such huge delays and in the absence of any internally generated means of expediting the completion of formalisation processes, the natural tendency is for market dealers to seek their own means of expediting the process. They employ methods such as political influences, crony alliances or employment of officials themselves at agreed extra-official fees. There is, almost as a convention, a widespread engagement of officials of the agencies at fees to facilitate and expedite the processing of property related contracts in Ghana. It is thus important in seeking to establish the magnitude of welfare losses of real estate policies to incorporate these payments in the calculus. Table 7-5 reports descriptive statistics of the extra official costs for the eight different policy processes.

Unfortunately, data on extra-official payments for allocation of public lands or regularization of illegally acquired public land rights in particular could not be obtained from the field survey as respondents were generally unwilling to disclose this information. These are thus excluded from the analysis. According to the table the extra official fees paid by market dealers vary markedly between policies. They range from a minimum of ¢30,000.00 (Stamp Duty) to a maximum of ¢5,000,000.00 (Stamp Duty) per typical transaction. Extra official payments data for the specific policies remain largely less variable as indicated by their respective small standard deviations in comparison to their means. The only exception to this is the extra official fees paid in compliance with the stamp duty policy. On the whole, the most frequently paid amount (mode) for particular policies range from ¢100,000.00 to ¢3,500,000.00.

Further the closeness of the means and the medians of the respective policies also indicate that the presence of possible outliers in the data have less considerable influence on the mean. The mean thus provides a more reliable measure of the typical extra-official payments for the respective eight policies.

Table 7-5 : Descriptive Statistics

		Plotting[6]	Concurrence[7]	Stool Consent[8]	State Consent[9]	Land Title[10]	Oath of Proof	Tax Clearance Certificate	Stamp Duty[11]
N	Valid	74	69	70	61	71	301	68	239
	Missing	229	234	233	242	232	2	235	64
Mean		558,783.78	921,014.49	541,000.00	687,704.92	2,753,521.13	107,425.25	158,529.41	142,196.65
Median		500,000.00	800,000.00	500,000.00	600,000.00	3,000,000.00	100,000.00	150,000.00	100,000.00
Mode		300,000.00	800,000.00	300,000.00	500,000.00	3,500,000.00	100,000.00	150,000.00	100,000.00
Std. Deviation		296,712.36	626,345.95	286,134.41	264,520.91	833,723.32	21,834.95	26,891.97	369,122.41
Minimum		100,000.00	100,000.00	120,000.00	450,000.00	1,000,000.00	50,000.00	150,000.00	30,000.00
Maximum		1,500,000.00	3,000,000.00	1,300,000.00	1,500,000.00	4,000,000.00	300,000.00	300,000.00	5,000,000.00

Source: Field Survey (June, 2004-January, 2005): a multiple modes exist. The smallest value is shown.

[6] This is a parcel based database system in which data is organised around the proprietary land unit. It was established with the amendment of the Stamps Ordinance (Cap 168) in 1945 (No.29 of 1945) which introduced an internal administrative requirement to attach a 'Particulars Delivered Form' to land and real estate contracts submitted to the then Lands Department for stamp duty assessment.. This afforded the opportunity for some details of the transactions together with the attached site plans to be extracted and plotted onto survey maps of the department. The essence of this was not to build an accurate and comprehensive database for public reference and use. It was to serve as a source of comparable data for internal valuations and stamp duty assessments. Neither data recorded onto this database nor data extracted from it confer legal rights or obligations against the government or transacting parties. Notwithstanding its weaknesses, inaccuracies, incomprehensiveness, internal inconsistencies and lack of legal basis, it is currently operating as a parallel land transaction recording system to the Land Title Registration System in Accra and market dealers continue to submit their documents for recording onto this register. The public and other governmental departments including the Land Title Registry continue to conduct ownership searches and enquiries from this system.

[7] This is a policy that has been in existence in its current operational form since the enactment of the Administration of Lands Act (Act, 123) in1962 even though the essence of it has been superseded by the 1992 constitutions and Lands Commission Act (Act 483) of 1994. The policy stipulates rather curiously and discriminatorily that all stool land transactions, (excluding non stool land transactions) are invalid *abilities* unless they are certified or concurred by the Lands Commission. Thus all stool land contract document s are to be submitted to the respective Regional offices of the Lands Commission for certification and validation.

[8] This is a variant of the concurrence policy (footnote 7). applicable to transactions involving previously certified stool land transactions.

[9] These are procedures prescribed for the grant of government consent to transactions involving previously allocated public lands. The Lands Commission handles this procedure, the managers of public lands in Ghana.

[10] This comprises procedures under the compulsory Land Title Registration Law (PNDCL 152), 1986.

[11] This is the procedure in place to enforce the provisions of the Stamp Act, 1965 (Act 311). This procedure is absolutely vital as The Stamp Act, 1965 (Amendment) decree, 1967 (NLCD 160) provides that no documents in relation to land situate in Ghana shall be 'given in evidence or be valuable for any purpose whatever, unless it is duly stamped'.

In summary, the arithmetic mean of indirect extra-official costs across the spectrum of policies sampled range from a minimum of ¢107,000.00 to a maximum of ¢2,753,521.13. In computing the social costs the respective means of the policy processes is thus adopted as inputs for the extra-official payments variable.

7.5.3 The Marginal Costs of Travel

The demand driven approach to real estate policy compliance, the insecurity of the postal system in Ghana and the widespread inertia of real estate policy enforcement agencies in Ghana necessitates frequent travels by market dealers to the agencies to follow up on their documents. About 66 percent of respondents claim to make regular travels to the agencies to follow up on their cases. This introduces two classes of costs: direct travel fare or costs and the costs or value of the travel time, both of which contributes important fragments to the marginal costs of the policies.

7.5.4 The Marginal Costs of Travel Time

Table 7-6 depicts, the mean travel duration to the respective agencies by market dealers to be about one hour. This coincides with the median and mode travel durations respectively. This implies that the mean travel duration is not unduly affected by extreme or outlaying travel durations. These together with the comparatively small standard deviations or variability of travel duration confirm that travels to the agencies are typically of one hour durations.

Table 7-6: Duration (in Hours) of Travel to Respective Enforcement Agencies

		Travel Time to Lands Commission	Travel Time to Land Title Registry	Travel Time to Land Valuation Board	Travel Time to Survey Department
N	Valid	203	70	202	203
	Missing	100	233	101	100
Mean		1.14	1.16	1.12	1.12
Median		1.00	1.00	1.00	1.00
Mode		1.00	1.00	1.00	1.00
Std. Deviation		.60	.66	.58	.58
Minimum		.25	.16	.25	.25
Maximum		3.00	3.00	3.00	3.00

Source: Field Survey (June, 2004-January, 2005)

The real costs of this travel duration are the potential labour efforts lost through travels as people leave their jobs and offices to travel to the agencies or even loss of leisure hours as people sacrifice their leisure time in pursuit of the formalisation of these contracts. Alternatively they are the potential labour efforts or leisure time that could have been gained had the need to travel not arisen in the first place. The costs of this travel time are the time value rate multiplied by the travel duration. If the labour wage lost is adopted as proxy for the time value rate then knowledge of current labour wage rate in Ghana is required. The mean monthly wage in Ghana as at December, 2003 was ¢1,220,807.00 (SSNIT, 2003). Although the minimum wage in Ghana has increased since then from ¢11,200.00 to ¢13,500.00, data on current average wage in Ghana was unavailable at the time of the survey. This implies the need to adjust the 2003 average wage to reflect current probable average wage.

The Dollar appears to have been fairly stable in comparison to the Ghanaian Cedi during the intervening period. It is thus presumed that the increase in minimum wage compensates nearly for any depreciation of the Ghanaian Cedi against the Dollar during the period. Thus the 2003 Dollar equivalent of the wage (at US$1/¢8,204) is adopted and applied to obtain an estimated current average monthly wage. This gives a monthly wage of US$149. Using an average of 22 paid working days in a month and eight paid working hours in a day the mean hourly wage rate, time value rate, in Ghana approximates to US$0.85 an hour. The Cedi equivalent of this figure in today's prices (i.e. US$1/¢9,200) is ¢7,820.00 per hour. This figure is adopted as a measure of the time value rate in Ghana.

This implies that the time value of a typical return journey to any of the delivery agencies would be about ¢15,640.00 (¢7,820.00 x 2). The actual costs depend on the frequency at which market dealers visit the agencies to follow up on their cases. Table 7-7 reports the descriptive data on the frequency of travels or visits per week made to the respective agencies by applicants seeking compliance. The table shows that complying market dealers make an average of two visits per week to particular agencies formalizing their transactions. This is typical considering the comparatively small variability (standard deviation) in the frequency of visits across the agencies.

This is further reinforced by the closeness of the median frequency of visits to the means except in the case of visits to the Land valuation Board. This makes the mean travel frequency of two per week a reliable measure of travel frequency. The mean resultant time value loss or real costs of travel time to the agencies per week then works out to ¢31,280 (i.e. ¢15,640 x 2).

Table 7-7: Frequency of Visits per Week

		Frequency of Visits to Lands Commission	Frequency of Visits to Land Title Registry	Frequency of Visits to Land Valuation Board	Frequency of Visits to Survey Department
N	Valid	241	70	93	82
	Missing	62	233	210	221
Mean		1.89	1.99	1.42	2.40
Median		2.00	2.00	1.00	2.00
Mode		1	2	1	2
Std. Deviation		1.065	.893	.798	1.110
Minimum		1	1	1	1
Maximum		5	5	5	5

Source: Field Survey (June, 2004-January, 2005)

The total real costs of travel time per contract are however a function of the total number of visits undertaken to complete the requisite set of formalisation procedures. This can be deduced on the average from the duration per processing procedure. According to Table 7-8, it takes on average 382 days in Ghana to complete a set of formalisation procedures for respective real estate transaction categories. This is the longest processing duration in sub-Saharan Africa. This works out to about 76 processing weeks[12]. This means that complying market dealers make on the average a total of about 304 trips to and from the agencies to complete their formalisation processes, 152 each way. Applied to the real costs of travel time, ¢31,280.00, this gives an overall real marginal travel time costs of ¢9,509,120.00 (i.e. about US$1000).

This means that in real terms about eight times the average minimum wage in Ghana is expended on travelling to follow up the formalisation of every single real estate contract. This excludes the actual transport fares.

[12] This is based on a five day rather than 7 day week.

Table 7-8: Property Registration in sub-Saharan Africa

Country	Year	Number of procedures	Time (days)	Cost (% of property value per capita)
AVERAGE	2004	6	114	13.1
Madagascar	2004	..	..	..
South Africa	2004	6	20	11.3
Namibia	2004	9	28	9.7
Zimbabwe	2004	4	30	18.1
Mozambique	2004	7	33	11.9
Kenya	2004	7	39	4
Chad	2004	6	44	13.3
Mali	2004	5	44	20.6
Uganda	2004	8	48	5.5
Mauritania	2004	4	49	8.5
Niger	2004	5	49	12.5
Benin	2004	3	50	15.1
Ethiopia	2004	15	56	11
Sierra Leone	2004	8	58	16.5
Tanzania	2004	12	61	12.6
Botswana	2004	4	69	5
Central African Republic	2004	3	69	17.4
Zambia	2004	6	70	9.2
Cameroon	2004	5	93	18.8
Burundi	2004	5	94	18.1
Lesotho	2004	6	101	9.1
Congo, Rep.	2004	6	103	22.5
Guinea	2004	6	104	15.7
Congo, Dem. Rep.	2004	8	106	10.1
Burkina Faso	2004	8	107	16.2
Senegal	2004	6	114	34
Malawi	2004	6	118	3.5
Togo	2004	6	212	7.8
Nigeria	2004	21	274	27.2
Angola	2004	8	335	11
Cote d'Ivoire	2004	7	340	10.2
Rwanda	2004	5	354	9.5
Ghana	2004	7	382	4.1

Source: World Bank (2005)

7.5.5 Transport Fare and Direct Travel Expenses

The next element of costs encountered in property formalisation is the direct transport fares or travel expenses. The empirical data on this is summarised in Table 7-9 below. As shown in the table, the mean direct travel cost range from about ¢30,200 to ¢34,000.00. This works out to an overall average of about ¢31,300.00.

Table 7-9: Costs of One Way Travels (in Cedis)

		Travel Costs to Lands Commission	Travel Costs to Land Title Registry	Travel Costs to Land Valuation Board	Travel Costs to Survey Department
N	Valid	186	75	177	180
	Missing	117	228	126	123
Mean		30,686.02	34,000.00	30,218.07	30,214.44
Median		20,000.00	30,000.00	20,000.00	20,000.00
Mode		20,000.00	50,000.00	20,000.00	20,000.00
Std. Deviation		23,672.16	24,356.59	23,384.96	23,133.92
Minimum		4,000.00	5,000.00	4,000.00	4,000.00
Maximum		100,000.00	100,000.00	100,000.00	100,000.00

Source: Field Survey (June, 2004-January, 2005)

The apparent differences between the respective means and the corresponding medians are indications of the presence of extreme or outliers that have affected the mean but not the median travel costs. Nonetheless, to maintain consistency in the analysis, the mean is adopted as the typical direct travel costs. This implies that the mean costs of return trip to the agencies per visit is about ¢62,600.00. On the basis of 382 processing days duration and two visits per week, hence 152 total trips (see Section, 7.5.4, p. 1920), the estimated average direct travel costs per transaction approximates to ¢9,390,000.00 (i.e. 62,600.00 x 152 trips). Again this is about eight times the average wage of Ghana (i.e. US$ 1000). Combining this with the costs of travelling time (Section 0), the true total costs of travels associated with real estate policy compliance in Ghana is roughly ¢18,899,120.00 (i.e. about $2,054.00) per transaction.

7.5.6 The Marginal Costs of Lag-Time

There are costs concomitant to the considerable delays in property ownership formalisation that have to be plugged into the above model for a fuller picture. Two main variants of these costs identified in this study are: (1) costs of waiting times at the agencies and (2) time value of delay periods.

7.5.6.1 The Marginal Costs of Waiting Time

As shown in Table 7-10, when real estate market dealers call at the respective agencies to follow up on their applications for formalisation they spend on the average between 1.5 to 1.8 hours at the particular bureaucracy. This translates to an overall average waiting time of about 1.5 hours.

Table 7-10: Waiting times (Hours)

		Waiting Time at Lands Commission	Waiting Time at Land Title Registry	Waiting Time at Land Valuation Board	Waiting Time at Survey Department
N	Valid	228	83	106	81
	Missing	75	220	197	222
Mean		1.5450	1.6596	.8707	1.8723
Median		1.0000	1.5000	.7500	2.0000
Mode		1.00	2.00	1.00	2.00
Std. Deviation		1.04403	1.16712	.59479	1.00783
Minimum		.16	.25	.17	.33
Maximum		6.00	5.00	3.00	5.00

Source: Field Survey (June, 2004-January, 2005)

With an average of two visits a week over an average processing duration of 382 days, a total of 229 compliance waiting hours, equivalent of about 28 man-days (using 8 hours/ man-day) is incurred per transaction. Given a time value rate of ¢7,820.00 per hour, the costs of waiting time per transaction approximates to ¢1,790,780.00. How this contributes to the overall social costs of real estate policies in Ghana will be established in due course.

7.5.7 The Marginal Costs of Delays

As, Table 7-8 depicts, property registration is not instant across sub-Saharan Africa. It takes from a minimum of 20 days (in South Africa) to a maximum of 382 days (in Ghana). This works out to an average processing duration of 114 days across sub-Saharan Africa. With the longest processing duration, Ghana is most likely to incur the highest costs of delays. Not all of these costs can be quantified numerically. For instance loss of opportunities incurred as a result, though likely to be huge and varied between transactions are difficult to stipulate precisely in monetary terms. A rough estimate of these costs is the opportunity costs of time incurred in waiting. For instance most real estate transactions in Ghana involve the purchase of land rather than developed properties for residential, industrial or commercial developments. Most purchasers develop these properties from their own personal resources, a few through commercial credits. The policies demand that formalisation processes are completed before developments commence.

The reason for this may be the need to safeguard private property rights and public interest from unwarranted encroachments and muddled development patterns. But the costs of this as engendered by the delays in formalizing these

transactions are significant. They can be looked at as the scale of change in the prices of building materials occasioned over the period of delay. This is in addition to any loss of income that could have been earned if the property were developed at an earlier date. Thus the costs of delays turn on the extra costs incurred on costs of development, for instance, over the period of delay at the opportunity costs of capital.

Another way of approaching this is from the perspective that, on occasions bank credits are approved pending completion of title formalisation. Having to wait for this long to be able to access the loan comes with its own costs leading in some cases to loss of opportunities in business. The time value or costs of this delay can be approximated using simple compound interest formula as $\left|(1+i)^n - 1\right|$ where i= opportunity costs of capital and n= the delay period. Using Ghana's average commercial bank lending rate of 33% and the average processing duration of 382 days the extra costs attributable to the delays in the processing time $[(1+.33/365)^{382} - 1]$ equals ¢0.4123 for every ¢1.00 or 41 percent increase in real costs of say building. But though this is an important way of looking at these costs, it will be difficult to incorporate such estimates given the requirements of the model used in this analysis.

Another way of looking at these costs, perhaps the most logical way is from the perspective of the income loss through waiting. For ease of computation this study guestimates this loss to be equivalent to Ghana's average hourly wage of ¢7,820.00, though this figure is likely to be very conservative. This translates to an average daily wage of ¢62,560.00 (i.e. ¢7,820.00 x 8 hours). Using the compounding interest equation, the amount to which the daily wage loss (¢62,560.00) will accumulate (loss of income) at annual interest rate of 33 percent over 382 days will be:

$$\left[(1+i/360)^n - 1/i/360\right] \times d_l = \left[(1+i/360)^{382} - 1/i/360\right] \times 62,560.00 = ¢28,600,82\ 4.67 \quad [13]$$

This is no trivial amount. Unless the benefits from the delay specifically exceed the costs of delay, economic rationality suggests that compliance with these policies is likely to be low. Thus the fact that only eight percent of real estate contracts are

[13] Amount of ¢1 p.a.

formalised in Ghana suggests that the benefits are not commensurate with the costs. As findings of this study reinforced, even those market dealers who seek the formalisation of their properties tend to jump start and in some cases complete their developments whiles their transaction documents remain in process. Officials of the Town and Country Planning Department in the Greater Accra region of Ghana confirmed in an interview that about 80 percent of developments in the region are not covered by formalized documents. The overall implications of these costs will be reviewed shortly.

7.5.8 The Costs of Act 481, 1994

The Office of Administrator of Stool Lands Act, 1994 (Act 481) imposes unique costs on suppliers of stool lands or properties developed on stool lands. As mentioned in previous chapters the Act, though not a tax instrument, impose statutory deductions on all revenue from transactions involving stool lands or properties developed on stool lands. The Act in essence stipulates the following deductions from revenue involving stool lands: (1) 10% for administration of the Act, (2) 49.5% for the District Assemblies, (3) 18% to the Traditional Council and (4) 22.5% to the land owning stool. See Antwi (2000) for a detailed analysis of the economic merits of these deductions.

Deductions (1) and (2) are essentially revenue to government. Even though they constitute significant costs to stool property owners, because they feature also as revenue and hence benefits to government, their effects, which are in equal magnitude but on opposite sides of the impacts equation, cancel out. They will thus have no effects on the policy impacts and hence have to be conveniently ignored in the estimation of the social costs. Deduction (4) also accounts as revenue to the particular stool. This will reflect as benefit to the stool rather than costs and hence do not contribute to the social costs of the policy. Thus, deduction (3), 18 percent of revenue or price, is the only deduction that has non direct compensating benefits and hence has to be incorporated into evaluation of the social costs of the policy. Using land values as indicators of stool land revenue, the direct costs of this policy is 18 percent of the average land values in stool land areas. Table 7-11 presents the descriptive data on land values in the study areas of

Accra. Baatsonaa is the selected stool land suburb of Accra, Ghana. Average land values in this area according to the data is ¢66,700,000.00.

Table 7-11: Descriptive Statistics on Land Values

	N	Minimum	Maximum	Mean	Std. Deviation
Ajirigano	10	55,000,000.00	100,000,000.00	71,500,000.00	12,703,892.66
Baatsonaa	10	50,000,000.00	82,000,000.00	66,700,000.00	10,328,493.49
East Legon	10	150,000,000.00	300,000,000.00	216,000,000.00	51,897,334.54
Sports Complex	10	45,000,000.00	60,500,000.00	53,900,000.00	5,450,789.95
Valid N (listwise)	10				

Source: Field Survey (June, 2004-January, 2005)

This implies that the average direct costs of this Act is ¢12,000,000.00 [i.e. 66,700,000 x 0.18]. How this contributes to social costs is also looked at shortly. Table 7-12 reports the summary of how the costs estimated so far accumulates under particular policies.

7.6 THE TOTAL ACCUMULATED NON-OFFICIAL COMPLIANCE COSTS

The Table (Table 7-12) shows that the real non-official compliance costs borne by market dealers range from a minimum of ¢61,900,570 (i.e. £3,541 or $6,728) to a maximum of ¢75,178,996 (i.e. £4,300 or $8, 1712), the mean costs being ¢65,476,450(£7,117 or $3,746). Clearly these are substantial costs considering that the average indirect compliance costs per policy of ¢65,476,450 are some 54 times the country's average monthly wage.

7.7 THE MARGINAL COSTS OF POLICY ADMINISTRATION

Thus far the discussions have focused on the costs faced by market dealers in seeking compliance with particular policies. An important variant of costs of real estate policy to which this section concentrates is the costs incurred by governmental departments in administering these policies, ϑ_g. As argued earlier in Ghana, policy administration is reduced into a series of prima facie processing procedures; the costs of administering these policies turn on the costs incurred in implementing these processes and procedures. The dearth of data on critical aspects of the operations of the bureaucracies makes any attempt at computing the full and precise range of costs incurred in administering these policies very difficult, and perhaps impossible.

Table 7-12: Non-Official Compliance Costs Grouped by Policy Processes

	Compliance Activity	State Lease Renewal Distributive	Concurrence Regulative	Stool Consent Regulative	Plotting Regulative	Allocation Distributive	State Consent Distributive	Regularization Redistributive	Land Title Regulative
1	Transaction Documents	-	123,000.00	123,000.00	123,000.00	-	-	123,000.00	123,000.00
2	Site plan	-	128,000.00	128,000.00	128,000.00	-	-	128,000.00	128,000.00
3	Concurrence	-	920,000.00	-	-	-	-	-	-
4	Stool Consent	-	-	541,000.00	-	-			
5	Plotting	-	-	-	558,783.78	-	-	-	-
6	State Consent	-	-	-	-	-	687,704.92	-	-
7	Land Title	2,800,000.00	2,800,000.00	2,800,000.00	2,800,000.00	2,800,000.00	2,800,000.00	2,800,000.00	2,800,000.00
8	Oath of Proof	-	107,425.13	107,425.13	107,425.13	-	107,425.13	107,425.13	107,425.13
9	Tax Clearance Certificate	158,529.41	158,529.41	158,529.41	158,529.41	158,529.41	158,529.41	158,529.41	158,529.41
10	Stamp Duty	142,196.65	142,196.65	142,196.65	142,196.65	142,196.65	142,196.65	142,196.65	142,196.65
11	Act 481		12,000,000.00	12,000,000.00					
12	Travel Time	9,509,120.00	9,509,120.00	9,509,120.00	9,509,120.00	9,509,120.00	9,509,120.00	9,509,120.00	9,509,120.00
13	Transportation	18,899,120.00	18,899,120.00	18,899,120.00	18,899,120.00	18,899,120.00	18,899,120.00	18,899,120.00	18,899,120.00
14	Waiting Time	1,790,780.00	1,790,780.00	1,790,780.00	1,790,780.00	1,790,780.00	1,790,780.00	1,790,780.00	1,790,780.00
15	Delays	28,600,824.67	28,600,824.67	28,600,824.67	28,600,824.67	28,600,824.67	28,600,824.67	28,600,824.67	28,600,824.67
	Total (¢)	61,900,570.73	75,178,995.86	74,799,995.86	62,817,779.64	61,900,570.73	62,695,700.78	62,258,995.86	62,258,995.86
	Total ($)	6,728.32	8,171.63	8,130.43	6,828.02	6,728.32	6,814.75	6,767.28	6,767.28
	Total (£)	3,541.22	4,300.86	4,279.18	3,593.69	3,541.22	3,586.71	3,561.73	3,561.73

Source: Field Survey (June, 2004-January, 2005)

For instance, data on the fixed costs of the bureaucracies, which falls into the category of costs incurred in administering real estate policies, were nonexistent. So also are data on personnel size of support departments such as stores, transport and security that are not directly involved but contribute indirectly to the policy processes.

Additionally, these bureaucracies occupy government buildings and are not subject explicitly to rent payments. Data on rent costs could thus only be more accurately obtained through direct valuation of these premises. Time, resources and permission constraints did not enable such valuations to be conducted. The costs estimates for the respective processes are thus based on the labour hours spent per processing task (see further Chapter 5, *Methodology*, for how these were measured). Available direct labour hours are used as the allocation base to apportion the overhead costs (see Table 7-13).

The total overheads are assumed to be the total budgets of the respective agencies less their personnel expenses. This approach assumes that the greater the direct labour hours for a task the greater will be the overhead expenditure incurred. To accomplish this, a single overhead rate for the respective agencies based on their staff numbers and approved budgets for 2004 is estimated. The estimates are reported in Table 7-13 above. This rate is assigned to all processes handled by the corresponding agencies.

Based on these established overhead rates the costs for the respective task are established. Column 2 of Table 7-14 above is a break down of the policy processes into the major identifiable activities. The estimated labour and overhead costs for each of the activities together with their total costs have also been estimated in columns 3, 4, and 5 respectively. It could be observed that a conservative mark-up of 15 percent (see column 6) has been applied as provision for the incidents of costs that could not be established. The last two columns provide the equivalent costs in US$ and Pounds for ease of international comparison.

Table 7-13: Overhead Labour Rate

Overheads	Lands Commission	Land Title Registry	Land Valuation Board	OASL	Survey Department
Administrative Expenses	¢6,133,170,000.00	¢2,000,000,000.00	¢1,800,000,000.00	¢5,431,000,000.00	¢2,531,200,000.00
Service Expenses	¢1,442,170,000.00	¢2,400,000,000.00	¢2,538,400,000.00	¢89,488,000,000.00	¢1,949,400,000.00
Investment Expense	¢12,676,170,000.00	¢3,200,000,000.00	¢1,100,000,000.00	¢60,826,000,000.00	¢4,689,400,000.00
Total Overheads	¢20,251,510,000.00	¢7,600,000,000.00	¢5,438,400,000.00	¢155,745,000,000.00	¢9,170,000,000.00
Labour Force	264	82	818	251	539
Available Labour Hours/Day	8	8	8	8	8
Number Of Days Per Year	260	260	260	260	260
Total Direct Labour Hours	549,120.00	170,560.00	1,701,440.00	522,080.00	1,121,120.00
Overhead Rate Per Direct Labour Hour	¢36,879.94	¢44,559.10	¢3,196.35	¢298,316.35	¢8,179.32
Overhead Rate Per Direct Labour Hour ($)	$4.01	$4.84	$0.35	$32.43	$0.89
Overhead Rate Per Direct Labour Hour (£)	GBP 2.11	GBP 2.55	GBP 0.18	GBP 17.07	GBP 0.47

Source: Field Survey (June, 2004-January, 2005)

Table 7-14: Summary Costing of Policy Delivery

	Policy Process	Direct Labour Costs	Overheads	Total	15 Percent Mark-Up Margin	Grand Total	Grand Total($)	Grand Total(£)
1	Concurrence	226,064.86	522,440.00	748,504.86	112,275.73	860,780.59	93.56	49.24
2	Stool Land Consent	183,207.80	461,390.00	644,597.80	96,689.67	741,287.47	80.57	42.41
3	State Land Consent	458,004.23	723,386.53	1,181,390.76	177,208.61	1,358,599.38	147.67	77.72
4	Plotting	139,559.77	251,970.00	391,529.77	58,729.47	450,259.23	48.94	25.76
5	State Land Allocation	1,246,417.74	1,222,850.00	2,469,267.74	370,390.16	2,839,657.90	308.66	162.45
6	Stamp Duty	51,896.08	11,168.00	63,064.08	9,459.61	72,523.70	7.88	4.15
7	Tax Clearance Certificate	44,308.57	102,900.00	147,208.57	22,081.29	169,289.85	18.40	9.68
8	Land Title Lodgment	15,503.58	142,720.00	158,223.58	23,733.54	181,957.12	19.78	10.41
9	Certificate Preparation	38,298.23	347,434.00	385,732.23	57,859.83	443,592.06	48.22	25.38
10	Title Certification	52,033.87	164,574.00	216,607.87	32,491.18	249,099.05	27.08	14.25
11	Regularization	2,057,974.10	1,993,190.00	4,051,164.10	607,674.62	4,658,838.72	506.40	266.52
12	Parcel Plan	377,991.64	140,958.00	518,949.64	77,842.45	596,792.08	64.87	34.14
13	Cadastral	1,895,021.73	517,092.00	2,412,113.73	361,817.06	2,773,930.79	301.51	158.69
14	Renewal Lease	1,199,528.89	935,730.00	2,135,258.89	320,288.83	2,455,547.72	266.91	140.48

Source: Field Survey (June, 2004-January, 2005)

Table 7-5 shows that the direct labour cost for the various processing activities are widely dispersed (Mean = ¢570,415; St. Deviation = ¢719,477; Min = ¢15,503; Max=¢2,057,974). The overheads are relatively less dispersed (Mean =¢538,414; St. Deviation=¢542,361; Min=¢63,064 and Max = ¢1,199,815).

Table 7-15: Descriptive Statistics on the Costs of Processing Activities

	Direct Labour Costs	Overheads	Total	15 Percent Margin	Grand Total
Mean	570,415.08	538,414.47	1,108,829.54	166,324.43	1,275,153.98
Min	15,503.58	11,168.00	63,064.08	9,459.61	72,523.70
Max	2,057,974.10	1,993,190.00	4,051,164.10	607,674.62	4,658,838.72
St. Deviation	719,477.83	542,361.56	1,199,815.38	179,972.31	1,379,787.69

Source: Field Survey (June, 2004-January, 2005)

The overall mean activity costs is ¢1,275,153 (Min = 72,523 and Max = 4,658,838, St. Deviation = ¢1,379,787). These results provide good indication of the typical costs that are incurred in executing a typical processing procedure under particular policy. The means thus provide an index for the activity costs that can be relied on in estimating the welfare and social costs respectively of policies. As a result, the mean figure is incorporated into the calculation of the welfare costs as well as the social costs of these policies. To appreciate the full scale of costs incurred by both the government and market dealers on account of real estate policies in Ghana, the costs computed from both ends have been put together. This is presented in Table 7-16 below.

The table reports at the top row, the major individual policy activities and the corresponding policy category under which they fall. Details of their corresponding compliance and administrative costs are then computed and reported according. The total costs, which is the sum of the compliance costs and the administrative costs is also computed and converted accordingly into Pound Sterling and US dollars for ease of international comparison. The details and implications of the results in relation to the hypothesis being verified are examined below.

Table 7-16: The Aggregate Marginal Costs of Real Estate Policy in Ghana

Policy Process	State Lease Renewal	Concurrence	Stool Consent	Plotting	Allocation	State Consent	Regularization	Land Title
Policy Category	Distributive	Regulative	Regulative	Regulative	Distributive	Distributive	Redistributive	Regulative
Compliance Costs	61,900,570.73	75,178,995.86	74,799,995.86	62,817,779.64	61,900,570.73	62,695,700.78	62,258,995.86	62,258,995.86
Administration Costs	5,235,478.15	3,960,999.84	3,841,506.73	4,000,737.73	5,939,877.16	4,458,818.64	7,759,057.98	3,100,219.26
Total(¢)	67,136,048.88	79,139,995.70	78,641,502.59	66,818,517.37	67,840,447.89	67,154,519.42	70,018,053.84	65,359,215.12
Total($)	7,297.40	8,602.17	8,547.99	7,262.88	7,373.96	7,299.40	7,610.66	7,104.26
Total(£)	1,533.09	2,219.82	2,191.30	1,514.93	1,573.39	1,534.15	1,697.97	1,431.44

Source: Field Survey (June, 2004-January, 2005)

7.8 THE AGGREGATED MARGINAL COSTS OF REAL ESTATE POLICY IN GHANA

The costs per compliance as shown in the table range from a minimum overall costs of about ¢65,359,215 (£3,739 or $7,104) to a maximum of about ¢79,139,996 (i.e. £4,527 or $8,602). The average overall costs per single transaction is about ¢70,263,537 (i.e. £4,019 or $7,637). The results refutes hypothesis H_1 that regulative policies will have lower compliance costs than distributive policies. Instead the results show that regulative policies lead to higher average compliance costs of approximately ¢69 million relative to ¢62.3 for redistributive and ¢62.2 for distributive policies. The results however confirm hypothesis H_2 that redistributive policies will have higher compliance costs than distributive policies. But these results has to be taken in the context that an important ingredient for compliance costs for distributive and redistributive policies, the unofficial payment was not incorporated in the calculus owing to the limitations of the data explained in Chapter 6.

7.9 TOTAL WELFARE COSTS OF REAL ESTATE POLICIES IN GHANA

This section verifies the two remaining hypothesis that:

H_3 Regulative real estate policies will have lower social welfare costs than distributive and redistributive real estate policies.

H_4 Distributive real estate policies will have lower social welfare costs than redistributive real estate policies.

To be able to employ the devised model in estimating the welfare costs of real estate policies in Ghana, two key information; values of property and elasticity of property are required in addition to the above costs estimates. To simplify the analysis, land values rather than values of developed properties were used in the model. Table 7-11 above reports the summary statistics of land values for the respective policy zones as obtained from the field survey. According to the devised measuring framework in Chapter 5, an important statistic required to compute the social costs is the price elasticity of demand for real estate in Ghana. Price elasticity is an index that provides a measure of the magnitude of change in the quantity of real estate purchased likely occasioned by a unit change in real estate prices. The price elasticity scale ranges from zero to one, with zero

indicating no change in quantity as a result of a change in price and one denoting hundred percent changes in quantity demanded as a result of a unit change in price. Typically the elasticity of a commodity lies somewhere within the range. There was however dearth of secondary data on price elasticity of property or land in Ghana. Resource constraints also did not permit sufficient data on this variable to be obtained empirically for the study.

Interviews with local valuers in Ghana suggest however that, in the case of bare lands for instance, purchasers tend to initially somewhat double their purchases when prices are about half what they expected. In that case the elasticity can be said to be perfect (i.e. 1). Even so, beyond a threshold quantity of about 4 residential plots, changes in quantity demanded tend to be less than proportionate to price changes. This can continue until it assumes a perfectly inelastic character (i.e. index of zero). Thus the elasticity of land in Accra, Ghana could be up to zero. A mid point elasticity index of 0.5 is adopted for this estimate. Table 7-17 reports the resultant estimated welfare costs grouped by policies based on these variables.

While this estimate is clearly inexact, it appears probably reliable enough for the purpose of this analysis. In Column 3 of the table, the extra official compliance costs borne by market dealers are provided. Column 4 provides the mean land values for the areas affected by the respective policies. Column 5 gives the marginal compliance rate, which is the proportion of the land value expended as indirect compliance costs.

The World Bank (2005) estimate of the average costs of official payments as a proportion of land values of 4.1 percent (see Table 7-8) is adopted as the official costs of compliance and presented in column 6. Column 7 gives the effective marginal rate which is the sum total of the compliance rate (column 5) and the marginal official rate (column 6). Columns 8 and 9 give the welfare costs of indirect payments per policy process and the total welfare costs respectively. The last column is the percentage contribution of indirect compliance costs to overall welfare costs. As shown in Table 7-17 (see column, 11), on average the welfare costs consequences of real estate policies in Ghana per policy strand range from a minimum of ¢5,794,555 (i.e. US$630 or £331) to a maximum of ¢27,753,163 (i.e. US$2,473 or £1302).

Table 7-17: Total Welfare Costs of Real Estate Policies in Ghana

Policy Process	Policy Type	Indirect Costs (t)	Land Value (η)	Marginal Compliance Rate (ω_1)	Marginal Official Costs Rate (ω_2)	Effective Marginal Rate(C)	C^2	Price Elasticity (ε)	Welfare Cost Using (ω_1): $\mu=0.5\eta[\varepsilon(\omega_1)^2]$	Total Welfare Cost: $\mu=0.5\eta[\varepsilon (C^2)]$	Percentage Share of ω_1
State Lease Renewal	Distributive	61,900,570.73	216,000,000.00	0.29	0.0410	0.3276	0.1073	0.50	4,434,815.57	5,794,551.27	76.53
Concurrence	Regulative	75,178,995.86	66,700,000.00	1.13	0.0410	1.1681	1.3645	0.50	21,183,963.34	22,753,163.43	93.10
Stool Consent	Regulative	74,799,995.86	66,700,000.00	1.12	0.0410	1.1624	1.3513	0.50	20,970,912.22	22,532,342.81	93.07
Plotting	Regulative	62,817,779.64	71,500,000.00	0.88	0.0410	0.9196	0.8456	0.50	13,797,459.58	15,115,271.93	91.28
Allocation	Distributive	61,900,570.73	216,000,000.00	0.29	0.0410	0.3276	0.1073	0.50	4,434,815.57	5,794,551.27	76.53
State Consent	Distributive	62,695,700.78	216,000,000.00	0.29	0.0410	0.3313	0.1097	0.50	4,549,480.20	5,925,516.07	76.78
Regularization	Redistributive	62,258,995.86	53,900,000.00	1.16	0.0410	1.1961	1.4306	0.50	17,978,583.33	19,277,544.22	93.26
Land Title (High End)	Regulative	62,258,995.86	100,000,000.00	0.62	0.0410	0.6636	0.4404	0.50	9,690,456.41	11,008,790.83	88.02
Land Title Low End)	Regulative	62,258,995.86	55,000,000.00	1.13	0.0410	1.1730	1.3759	0.50	17,619,011.66	18,918,434.83	93.13
Average	Overall	65,118,955.69	117,977,777.78	0.77	0.0410	0.8077	0.7925	0.50	12,739,944.21	14,124,462.96	90.20
	Regulative	67,462,952.62	71,980,000.00	0.98	0.04	1.02	1.08	0.50	16,652,360.64	18,065,600.77	92.18
	Distributive	62,165,614.08	216,000,000.00	0.29	0.04	0.33	0.11	0.50	4,473,037.12	5,838,206.21	76.62
	Redistributive	62,258,995.86	53,900,000.00	1.16	0.04	1.20	1.43	0.50	17,978,583.33	19,277,544.22	93.26

Source: Field Survey (June, 2004-January, 2005)

The average welfare costs consequence per transaction across all policy strands is ¢14,124,462 (i.e. US$1,535 or £808). Looking at the results more closely, redistributive policies incur the highest welfare costs of ¢19,277,544 (i.e. 2,095 of £1,103). This is followed closely by Regulative policies with welfare cost of ¢18,065,600 (i.e. US$1,963 or £1,033). Distributive policies are the least costly with welfare costs of ¢5,838,206 (i.e. US$635 or £334). These results refutes hypothesis H_3 and H_4 and instead confirm that distributive policies incurs the lowest welfare costs relative to regulative and redistributive policies.

Column 12 show that indirect compliance payments (indirect expenses) including the costs of contracts, travel, delay and extra official payments contributes as much as 90 percent of these welfare costs. Official payments contribute only 10 percent in general to welfare costs. A detailed look at the results show that, indirect expenses incurred 93 percent of the welfare costs associated with redistributive policies, 92 percent of those associated with regulative policies and 76 percent of those associated with distributive policies. It is note worthy that as mentioned above; it was not possible to obtain information on extra official payments in respect of distributive and redistributive policies. This means that their respective welfare costs are comparatively understated.

Moreover, redistributive policies as defined in Chapter 4 comprise lands that government has compulsory acquired for redistribution for which compensation has not been paid. This implies that an important component of the social costs is the compensation lost by the dispossessed owners of the land. Based on equation 10 above and using the average land values for the selected redistributive policy zone (sports complex area), the welfare costs of unpaid compensation per residential plot of land is estimated as: $0.5(53{,}900{,}00 \times 0.5) \times 100^2 = ¢13{,}475{,}000.00$. In this equation the land value used is ¢53,900,000, elasticity is 0.5 and percentage of direct costs imposed to land value is 100%. When this is added to the welfare costs from the perspective of land purchasers an aggregate marginal welfare costs of ¢32,753,000.00 (i.e. ¢19,277,544.22 +¢13,475,000.00) is obtained.

Given that the average residential plot in the area is about 0.45 of an acre, this works out to a social costs of about ¢30,000,000.00 (i.e. US$3,254.18 or £1,713.04)

per acre of land. As a matter of interest, given that, the total size of land within this policy zone is 2,870.60 acres, it implies that the overall welfare costs of this redistributive policy in this particular policy zone is approximately ¢86 billion or some US$ 9,343,000.00 or £4,920,000.00.

With these interim results, the social costs of real estate policies can now be estimated. This is the sum of the welfare costs per policy and the direct costs of compliance and policy delivery.

7.10 THE SOCIAL MARGINAL COSTS OF REAL ESTATE POLICIES IN GHANA

This section turns now to the estimation of the marginal social costs of existing real estate policies in Ghana. Table 7-18 summarised the analysis of the social costs dimensions of the respective policies. Column 6 of the table reports the marginal social costs of each policy category. As shown in the table the mean social costs of real estate policies in Ghana is about ¢45,347,000.00 (i.e. US$4900.00 or £2,590.00) per real estate transaction.

The minimum social costs is ¢32,600,000 (i.e. US$3,600.00 or £1,900.00) and the maximum, ¢62,433.00 (i.e. US$6,800.00 or £3,600.00). Again, redistributive policies incurred the highest mean social costs.

They are followed by regulative policies with mean social costs of about ¢49,500,000.00 (i.e. US$5,320.00 or £2,600.00). According to the analysis, distributive policies incurred the least mean social costs of ¢32,900,000.00 (i.e. US$3,573 or £1880).

These results imply that the extra benefits brought about by government interventions, which include the abatement of the social costs of market failure, must exceed the social costs allied to these interventions. This means that unless the benefits they engender falls short of this estimated social cost, they constitute a drain on economic gains and welfare.

Table 7-18: The Marginal Social Costs of Real Estate Policies in Ghana

Policy Process	Policy Type	Total Welfare Cost: $\mu=0.5\eta[\varepsilon(C2)]$	Extra-Legal Compliance Costs(t)	Policy Administration Costs	Total Social Costs(¢)	Total Social Costs($)	Total Social Costs(£)
State Lease Renewal	Distributive	5,794,551.27	21,563,005.06	5,235,478.15	32,593,034.48	3,542.72	1,864.59
Concurrence	Regulative	22,753,163.43	34,841,430.19	3,960,999.84	61,555,593.46	6,690.83	3,521.49
Stool Consent	Regulative	22,532,342.81	34,462,430.19	3,841,506.73	60,836,279.73	6,612.64	3,480.34
Plotting	Regulative	15,115,271.93	22,480,213.97	4,000,737.73	41,596,223.63	4,521.33	2,379.65
Allocation	Distributive	5,794,551.27	21,563,005.06	5,939,877.16	33,297,433.50	3,619.29	1,904.89
State Consent	Distributive	5,925,516.07	22,358,135.11	4,458,818.64	32,742,469.82	3,558.96	1,873.14
Regularization	Redistributive	32,753,000.00	21,921,430.19	7,759,057.98	62,433,488.17	6,786.25	3,571.71
Land Title (High End)	Regulative	11,008,790.83	21,921,430.19	3,100,219.26	36,030,440.28	3,916.35	2,061.24
Land Title Low End)	Regulative	18,918,434.83	25,021,650.45	3,100,219.26	47,040,304.53	5,113.08	2,691.09
Average	Overall	15,621,735.83	25,125,858.93	4,599,657.19	45,347,251.95	4,929.05	2,594.24
	Regulative	18,065,600.77	27,745,431.00	3,600,736.56	49,411,768.33	5,370.84	2,826.76
	Distributive	5,838,206.21	21,828,048.41	5,211,391.31	32,877,645.93	3,573.66	1,880.87
	Redistributive	32,753,000.00	21,921,430.19	7,759,057.98	62,433,488.17	6,786.25	3,571.71

Source: Field Survey

7.11 SUMMARY

The analysis has shown that real estate policies in Ghana are imposing huge social costs on the Ghanaian society. About 90 percent of these costs are due to indirect costs borne by market dealers seeking compliance with these policies. To be worthwhile these government policies induced social costs must exceed the social costs of the market failures that they were designed to abate. The social costs of the market failures that necessitated these interventions in Ghana are yet unknown. It will thus be necessary to pit these costs against the benefits that they are producing to gain insights into their overall economic impacts. This will be explored in the next chapter.

Chapter 8

Findings and Analysis of the Marginal Benefits and Impacts

8.1 INTRODUCTION

This chapter addresses the benefits aspects of the four research questions restated in Chapter 7. In particular the chapter examines the empirical evidence on the benefits of real estate policies and studies the balance between these benefits and the social costs analysed in Chapter 7.

Within the measuring framework formulated in Chapter 5, the benefits dimensions of the policies under review is deducible from equation 8-1 [$V_{pi} = \beta_0 + \sum_{j=1}^{j} \beta_i \chi_{ij} + \lambda_p P_{iz} + \delta_t + \varepsilon_i$] in which, V_{pi} = the price of the ith urban property affected by the applicable policy Pz, λ is the magnitude of the implicit price of the zth policy. β_0 is a normal regression intercept, β_j = the magnitude or the implicit price of the jth attribute. This represents the revealed marginal prices of each attribute, that is, the monetary equivalent of the revealed marginal willingness to pay for each attribute. χ_{ij} = the jth attribute of the ith property. As explained in Chapter 5 λ represents the revealed marginal price of each applicable policy. That is, the monetary equivalent of the revealed marginal willingness to pay for additional unit of each applicable policy. As a result it provides a measure or index for the economic benefits of policy P_z on the ith-affected property. The task of this Chapter is thus to address the research questions by estimating the λ for each of the policy strands of policies classified in Chapter 4: regulative, distributive and redistributive policies.

8.2 THE DATA

The dearth of reliable data sources or organised databases on property prices necessitated the reliance on contingent valuation approaches to procure data on the key variables for the benefits analysis. The contingent valuation approach to evaluating benefits of real estate policies in a developing world context is not without precedent in the relevant literature. The procedure was previously applied

successfully by Dowall (1989) and Dowall and Leaf (1990) to evaluate the benefits of land titling in Jarkata, Indonesia.

The overall strategy was to survey a sample of 20 valuers with at least 10 years professional experience in real estate valuation and market analysis within Accra. The goal was to sample and analyse the expert opinion of the surveyed valuers on the monetary worth or value of the respective policies using contingent valuation method. The 10 years professional experience in Accra condition was imposed to ensure that the data obtained evolved not merely from casual but instead from prolonged and critical observation of events on the Accra real estate market. Even though in the end only 10 valuers were surveyed due essentially to resource constraints and the limited number of valuers who meet these conditions, this was sufficient to address the concerned research questions. The survey was conducted using the questionnaire index as EX-VALUE003-2004/5 at the appendix developed purposely for this study. Because in Ghana policy compliance is synonymous with formalisation of land rights, the valuers were simply required to value a typical hypothetical standard building plot of land if it was (1) formalised and (2) unformalised under applicable policies. While five agencies are involved in land rights formalisation in Ghana, it is the final outputs or assents of only two, the Lands Commission and the Land Title Registry that finalises the process and hence determines whether the land is formalised or unformalised. Thus to simplify matters formalisation in this survey was defined as formalisation with the Lands Commission and or the Land Title Registry. The details of the survey method are provided in Chapter 6. The data obtained is analysed using the stepwise regression procedure, a variant of regression analysis, to establish the monetary worth of the respective policies.

The regression procedure is a statistical procedure that provides the means to ascertain the relative contributions of, in this case, land rights formalisation to property prices in respective policy zones. The procedure accomplishes this by expressing in the form of equations, the relationships between the dependent variable (property prices) and independent variables (formalised and unformlised land rights). This equation is also employed in making predictions of the likely

values of the variables. The coefficients estimated by the regression model for the respective independent variables indicate their unique contributions to the dependent variable. Thus, the corresponding coefficients of the independent variables are expected to provide measures of their unique contributions or benefits to the overall property prices. However, to appreciate the independent unique contributions of formalisation or the lack of it to the ultimate price of property in particular policy zones, the stepwise variant of the regression procedure is employed.

Stepwise regression allows the determination of the combination of possible independent variables that best explains the variation and magnitude of dependent variables. It accomplishes this by including and excluding variables from the calculations according to whether they make a statistically significant change to the value of the coefficient of determination (R-squared). The R-Square in this sense is a statistic that indicates on a scale of zero to one how variations in a dependent variable are accounted for by particular independent variable such that zero indicates no influence and one indicates 100 percent influence. Thus, the R-Square indices for the respective independent variables will offer an idea of the proportion of influence they exert on the dependent variables. For the independent variables to be good predictors of property prices in the respective zones their specific R-Square indices should be as close as possible to 1.

The output for the ANOVA analysis of the regression model displays information about the variation that is not accounted for by the model. A model with a large regression sum of squares in comparison to the residual sum of squares indicates that the model accounts for more of the variation in the dependent variable. Very high residual sum of squares on the other hand indicates that the model fails to explain a lot of the variation in the dependent variable and other variables could be accounting for higher proportion of the dependent variables.

In the stepwise procedure, based on the *F*-test on changes in the R-square, independent variables that are not useful or do not contribute significantly to the overall dependent variables (prices) are automatically excluded. Thus, the relationship or degree of influence between dependent variables and say

formalised can be easily examined whiles holding the other independent variables (unformalised) constant. It will thus enable the unique influences of the respective independent variables on the property prices to be determined and provide basis for making deductions about their unique contributions to social benefits.

Following the benefits analysis, the balance between the social costs as analysed in Chapter 7 and the benefits so derived in this Chapter are studied. As the arguments of this thesis has remained from the outset, if in this comparison, it is found that the benefit fall short of the associated costs, the economic repercussions of these policies could be deemed negative otherwise they could be deemed positive. It is important to impose a caveat on this assertion at this stage. The results of this thesis is not intended to convey the impression that results from the comparative analysis are categorical since, apart from the limitations on the data available for this analysis, some costs and benefits from policies are generally not empirically observable as argued in Chapters 3, 6 and 7. Even for the empirically observables, the scale of this study does not permit all of them to be incorporated. The results reported in this Chapter as in the previous and subsequent empirical chapters are thus more of indications than categorical.

The study at this stage turns to the analysis of the benefits of the respective real estate policies under review.

8.3 THE BENEFITS OF REAL ESTATE POLICIES

The a priory expectations of this section's analysis is couched in terms of formal hypotheses in Chapter 6 and reproduced in this Chapter as follows:

H_5 Regulative real estate policies will have higher benefits than distributive and redistributive policies.

H_6 Distributive real estate policies will have higher benefits than redistributive real estate policies.

The ensuing analysis is geared towards verifying these propositions and expectations.

8.3.1 The Benefits of Redistributive Policies

By definition (see Chapter 4) lands affected by redistributive policies in Ghana comprise those lands compulsorily acquired by government for which compensation remains unpaid. The sampled area for this policy as described in Chapter 6 is a 2,870.60-acre land situated at North East Odorkor, Accra. Government under Executive Instrument No. 61 of 1975 compulsorily acquired this for a National Sports Complex. The dispossessed and displaced owners were not compensated for the loss of their rights. Yet government went ahead to demarcate the area for residential development, to be managed by the Lands Commission. An approved planning scheme was prepared for the area creating 799 residential plots and 21 plots for other uses. All of these residential plots were allocated to private individuals between 1977 and 1979 on 99 years leasehold basis. However owing to resistance from the dispossessed landowners, just about 487 could take possession of their plots. The remaining area, which is about 78 percent of the acquired land, had been sold and developed by purchasers of the dispossessed owners. These allocations by the dispossessed owners are considered illegal transactions or 'encroachments' in governmental circles. This means that no legal rights are vested in this category of purchasers. This has given rise to two distinct real estate markets in the area; the first operate around the 487 allocations by government and the second operates around the 'illegal' allocations. The result is a two tier property pricing system: prices for properties in the first market and prices for properties in the second. The survey obtained prices from both markets to ascertain the real impacts of redistributive policies.

The results of the stepwise regression are reported in Table 8-1 below. The analysis found model-3 (the last row) below to be a very good fit for the data. It shows that as much as 95 per cent ($R^2 = 0.954$) of the proportion of variations in land prices in this policy zone are explained by the three variables (see foot note c of table). Table 8-2 reports the ANOVA for the regression model. It confirms that the model accounts for most of the variations in the dependent variable as the models 'residual sum of squares' is considerably smaller than its 'regression sum of squares'.

Table 8-1: Stepwise Multiple Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.647(a)	.418	.403	30117026.862	.418	27.323	1	38	.000
2	.973(b)	.947	.944	9245652.740	.528	366.211	1	37	.000
3	.977(c)	.954	.950	8730891.834	.007	5.492	1	36	.025

a Predictors: (Constant), BothFormalised
b Predictors: (Constant), BothFormalised, LCFormalised
c Predictors: (Constant), BothFormalised, LCFormalised, LTFormalised
d Dependent Variable: Land Value

Table 8-2: ANOVA (d) of the Sports Complex Residential Area Model (Policy Zone -4)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.47825E+16	1	2.47825E+16	27.32253297	6.52E-06
	Residual	3.44673E+16	38	9.07035E+14		
	Total	5.92498E+16	39			
2	Regression	5.6087E+16	2	2.80435E+16	328.0628915	2.86E-24
	Residual	3.16284E+15	37	8.54821E+13		
	Total	5.92498E+16	39			
3	Regression	5.65056E+16	3	1.88352E+16	247.0888593	4.6E-24
	Residual	2.74423E+15	36	7.62285E+13		
	Total	5.92498E+16	39			

a Predictors: (Constant), BothFormalised
b Predictors: (Constant), BothFormalised, LCFormalised
c Predictors: (Constant), BothFormalised, LCFormalised, LTFormalised
d Dependent Variable: Land Value

This is at a statistically significant level, P-*Value*, of less than 0.05 for the *F*-statistics. Thus only 5 percent of the variances in land prices in this policy zone are not explained by selected independent variables. According to Table 8-1 land rights with formalised documents from both the Lands Commission and the Land Title Registry accounts for about 41 per cent of the variation of the land prices in this policy zone ($F_{1, 38}$ = 27.323, P-value < 0.05). On the other hand, land rights with formalised documents from the Lands Commission exclusively in contrast uniquely accounts for as much as 53 percent of the variances in land prices in this policy zone ($F_{1, 37}$ = 366.211, P-*value* < 0.05). Yet again, land rights with formalised documents from the Land Title Registry accounts for only 0.7 per cent of the variance in land prices in the zone. These results are not really unexpected. Table 8-3 reports the unique monetary contributions or relative extra benefits that the respective independent variables make to land prices.

Table 8-3: Coefficients (a) of the Regression Model

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	81,316,666.67	5,498,591.66		14.789	.000
	BothFormalised	57,483,333.33	10,997,183.32	.647	5.227	.000
2	(Constant)	58,475,000.00	2,067,390.80		28.284	.000
	BothFormalised	80,325,000.00	3,580,825.91	.904	22.432	.000
	LCFormalised	68,525,000.00	3,580,825.91	.771	19.137	.000
3	(Constant)	53,900,000.00	2,760,950.42		19.522	.000
	BothFormalised	84,900,000.00	3,904,573.53	.955	21.744	.000
	LCFormalised	73,100,000.00	3,904,573.53	.822	18.722	.000
	LTFormalised	9,150,000.00	3,904,573.53	.103	2.343	.025

a Dependent Variable: Land Value

The Unstandardized Coefficients are the coefficients of the estimated regression model, which provides the relative measure of extra benefits that documentation from the Lands Commission, Land Title Registry or both. The results reveal that for this policy zone formalisation at both the Lands Commission and the Land Title Registry (column 3, row 9) contributes extra benefits of about ¢85,000,000.00 (Unstandardized Coefficient = 84,900,000.00, t -*statistics* = 21.744, and *P-value* < 0.05). That the t-*statistics* are considerably greater than 2 (rule of thumb) is a confirmation of the reliability of this estimate. As much as 86 percent of this

amount, ¢73,100,000.00 (t-statistics = 18.722, and *P-value* < 0.05), is accounted for by the formalisation at the Lands Commission whiles the formalisation at the Land Title Registry contributes about 11 percent, ¢9,150,000.00 (t-statistics = 2.343, and *P-value* < 0.05). Even in the case of formalisation at the Land Title Registration, the t-statistics are so small (very close to 2) signalling that documents from the Land Title Registry in this policy zone are relatively less important as contributor to benefits.

The results imply that Title certificates granted over land rights that have not been previously formalised at the Land Commission confers little extra benefits in this policy zone. This reflects the official position of the enforcement bureaucracies. The official position is that regardless of how long one has been in peaceful and uncontested possession of land. This is because, by virtue of the redistributive policies of Ghana, the official basis of legal rights within this policy zone is allocations or formalised land rights from the Lands Commission - the administrators of redistributive policies in Ghana. It is thus the formalisation at the Lands Commission that, officially speaking, confers rights and hence some benefits. Accordingly, any residual benefits that land title or effective possession of the land may confer cannot fully materialize without prior existence of formalised land rights from the Lands Commission. This position seems to have permeated decisions of market actors and the opinions of valuers. It follows that those who acquire Land Title in this policy zone without prior formalised land rights from the Lands Commission tend to do so simply for the modicum peace of mind it brings. It may also be for them to be able to say that some form of officially sanctioned documents regardless of their validity and worth covers their properties. Such benefits according to the regression influence land prices in this policy zone by less than 11-percent.

Owing to this official position, without formalised documents those in effective possession of their rights are unable to use their land rights for any formal credit transaction for instance. They even cannot sell their holdings to purchasers who are mindful of formalised ownership documents. These thus stultify the potential worth of these land rights as they make unformalised land rights in the area

latently insecure and risky. It is thus from this standpoint that formalised documentation from the Lands Commission explain substantial proportions of price variations in this policy zone. But this suggests however that these benefits are officially contrived rather than evolved through interactions of market forces. The lack of document, has not in any significant way however constrained development of land rights in the area as the area is substantially developed with modern residential buildings. Perhaps the main source of benefits in this area is the inability to utilize unformalised land rights in official transactions. For those who are unwilling to use their land rights in official transactions the real benefits seems to be the exemptions from threats of possible future eviction or demolishing of their investments by the government. Certainly if possessory titles were acceptable for formal transactions, formalized documents whether from the Lands Commission or Land Title would have less considerable influence on land prices in this policy zone. They would thus be considerably less beneficial.

This means that any government investments into title registration in this zone will produce inconsequential overall benefits, which could lead to the amplification of the social costs. Rather efforts to formalise land rights in the zone through the Lands Commission on a grand scale will spring up enormous benefits at least to compensate for the social costs of the policy.

8.3.2 The Benefits of Distributive Policies

Distributive policies comprise lands compulsorily acquired by government on full payment of compensation that are currently being distributed to private entities for development and use. The sample neighbourhood for this policy zone is the East Legon residential area (see Chapter 5). Table 8-4 reports the stepwise regression results. The results reveal a strong goodness of fit between the model and the variables as the model explains about 93 percent (see column 3, row 4; R-square = 0.932) of the proportion of variations in the land prices within the area. This is also confirmed by the ANOVA table (Table 8-5) which reveals a large "regression sum of squares" in comparison to the "residual sum of squares" indicating that the model accounts for most of the variation in the land prices.

Table 8-4: Stepwise Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.620(a)	.384	.368	151479255.716	.384	23.710	1	38	.000
2	.965(b)	.932	.928	51133106.639	.547	296.492	1	37	.000

a Predictors: (Constant), BothFormalised
b Predictors: (Constant), BothFormalised, LCFormalised

Table 8-5: ANOVA(c) for East Legon Residential Area (Policy Zone-3)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.44E+17	1	5.44E+17	23.7102	2E-05
	Residual	8.72E+17	38	2.29E+16		
	Total	1.42E+18	39			
2	Regression	1.32E+18	2	6.6E+17	252.2877	2.75E-22
	Residual	9.67E+16	37	2.61E+15		
	Total	1.42E+18	39			

a Predictors: (Constant), BothFormalised
b Predictors: (Constant), BothFormalised, LCFormalised
c Dependent Variable: Land Value

The model has a high statistical significance level indicated by a *p*-value of less than 0.05 for the *F*-statistics. This indicates further that the independent variables accounts well for the variations in land prices in this zone as well. In the stepwise multiple regression, land rights formalised at the Lands Commission only accounts for about 55 per cent of the variations in land prices in this policy zone. This is slightly more than that of the redistributive zone. Surprisingly however, the results show that Land rights formalised both at the Lands Commission and the Land Title Registry accounts for a comparatively lower proportion (just about 38 per cent, R-Square = 0.324) of the variations of land prices in this zone.

This is an indication that formalisation of land rights at the Land Title Registry tends to have reducing effects on land prices in the zone when held in conjunction with those of the Lands Commission. Even more surprisingly is the fact that formalised ownership documents from the Land Title Registry alone explains insignificant proportion of the variance in land prices and hence was automatically discarded by the model. Table 8-6 presents the coefficients of the regression model, which represent the relative importance or unique contribution, in absolute monetary terms of the two main variables in the analysis.

Table 8-6: Coefficients (a) of Policy Zone 3 Model

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	342,666,666.67	27,656,201.78		12.390	.000
	Both Formalised	269,333,333.33	55,312,403.57	.620	4.869	.000
2	(Constant)	229,000,000.00	11,433,710.23		20.028	.000
	Both Formalised	383,000,000.00	19,803,767.05	.881	19.340	.000
	LC Formalised	341,000,000.00	19,803,767.05	.785	17.219	.000

a Dependent Variable: Land Value

The model found that formalised ownership documents from the Lands Commission exclusively tends to make a unique contribution of ¢341,000,000.00 to prices of standard residential building plots of about 0.43 acres. Mutual ownership of formalised documents from both the Lands Commission and the Land Title

Registry alternatively make unique contributions of ¢383,000,000.000 to land prices in the policy zone. This figure will shortly be compared with the social costs of distributive policies measured in chapter 8. It is worth noting however that ownership of formalised documents from the Land Title Registry in contrasts makes virtually no contribution at all to land prices in this policy zone. When held in conjunction with formalised documents from the Lands Commission, Land Title Certification contributes only about ¢42,000,000.00 to land prices. This implies that within this zone Land titling per se makes very insignificant contribution to land prices even when they are held in conjunction with formalised documents from the Lands Commission in the zone. The reasons for such levels of benefits are the same as those of redistributive policy zones. This is an indication that expenses incurred in obtaining title certificates both from the government perspective and perspective of property owners is less yielding if the likelihood of obtaining formalised documents from the Lands Commission is considerably low.

8.3.3 The Benefits of Regulative Policies

Broadly regulative policies zones are areas in which absolute land rights are vested in indigenous communities such as families, clans and stools. However, within this broad classification are two main different shades of indigenous land right classes affected by distinct regulative policies. Thus to offer a more detailed view of the benefits derived by regulative policies, this policy zone has been segmented in this chapter into zone-1 and zone-2. This will enable the apparent nuances of regulative policies across the regulative zones to be explored and their benefits captured. To this end, Zone-1 comprise neighbourhoods predominated by stool land rights. Stool land rights as such are subjected, rather curiously, to peculiar regulative, the concurrence policy, in addition to all the other regulative policies applicable in Zone-2. The neighbourhood sampled for this zone is the Baatsonaa residential neighbourhood of Accra. Zone-2 comprises all other non- stool land indigenous land rights areas not affected by distributive and redistributive policies. The results of the stepwise regression are reported in Table 8-7. Table 8-8 also reports the ANOVA results.

Table 8-7: Stepwise Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.628(a)	.394	.378	10614124.981	.394	24.712	1	38	.000
2	.766(b)	.587	.565	8880284.875	.193	17.287	1	37	.000

a Predictors: (Constant), No Document
b Predictors: (Constant), No Document, Processed at both Agencies

Table 8-8: ANOVA(c) for Baatsonaa Residential Area (Policy zone- 1.1)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.78403E+15	1	2.78403E+15	24.71189	1.45E-05
	Residual	4.28107E+15	38	1.1266E+14		
	Total	7.0651E+15	39			
2	Regression	4.1473E+15	2	2.07365E+15	26.29551	7.85E-08
	Residual	2.9178E+15	37	7.88595E+13		
	Total	7.0651E+15	39			

a Predictors: (Constant), Unformalised
b Predictors: (Constant), Unformalised, BothFormalised
c Dependent Variable: Land Value

In these areas indigenous communities or their transferees hold land rights. The neighbourhood sampled for this zone is the Ajirigano residential area.

8.3.3.1 Regulative Policies zone -1: Baatsonaa Residential Area

The model in Table 8-7 shows that formalisation of land rights contributes little to land price variations in this zone. This model explains just about 56 percent of the variations in land prices in this policy zone. This is reinforced by the relatively large "residual sum of squares" obtained from the ANOVA (seeTable 8-8). Indeed as the model shows, formalisation of land rights explains just about 17.3 percent of the variances in land prices in this policy zone. This is in contrast to 95 percent in redistributive zones and 93 percent in distributive zones.

The absence of formalised documents explains approximately 38 percent of land price variations in this zone. Clearly, formalisation of land rights do not have as profound an influence on land prices in this policy zone as they do in the distributive and redistributive policy zones discussed above. The most plausible explanation to such results is that non-policy variables as location, neighbourhood quality, reputation of neighbourhood, scarcity of land, availability of infrastructure and utility services dominantly influence land prices in this zone. Table 8-9 reports the coefficients of the regression model for this policy zone. The results show that , in absolute terms, within this policy zone, the lack of officially sanctioned documents uniquely reduces land values by about ¢14,500,000.00, which is about 15 per cent of the mean potential value of lands within the area.

Table 8-9: Coefficients (a) for Policy Zone 1.1 Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	84,466,666.67	1,937,865.23		43.58748	4.68E-34
	Unformalised	(19,266,666.67)	3,875,730.45	-0.627737479	-4.97111	1.45E-05
2	(Constant)	79,700,000.00	1,985,692.06		40.13714	4.15E-32
	Unformalised	(14,500,000.00)	3,439,319.54	-0.472432186	-4.21595	0.000154
	BothFormalised	14,300,000.00	3,439,319.54	0.46591588	4.157799	0.000183

a Dependent Variable: Land Value

Availability of ownership documents jointly sanctioned by the Lands Commission and the Land Title Registry makes a unique positive contribution of ¢14,300,000.00

which is also about 15 per cent of the mean potential value of lands within the area. Thus as much as 70 percent, about ¢84.5 million of the mean land values in the zone are accounted for by other non-policy factors.

The implication here is that the likely benefits derivable from regulative policies in this zone are considerably small. It is unlikely therefore that the accomplishment of regulative policies in this zone will be phenomenal. This also shows that regulative policies cannot be used to significantly regulate the economic behaviours of economic actors operating within this zone. It is thus naïve to think that the intermittent ban on land transactions, an ad-hoc administrative policy instrument introduced into the country in February 1991 to regulate the behaviours of actors in this policy zone, can ever be effective.

This policy was implemented by refusing to formalize transactions from policy areas on which the ad-hoc policy has been imposed for the time being. It is trite learning, that actors would have no difficulty sacrificing such small benefits in return for the huge gains from continuing their transactions in disregard to the policy. Interviews with one of the rival custodians of land rights in this policy zone confirmed that transactions had never ceased or even halted due to the imposition of such policies. All the policy achieved is to prevent actors from complying with the policy.

Given the importance of land rights formalisation to the development of land and property markets, this finding suggests the need for a bespoke formalisation approaches that will raise the benefit bar. This will provide the desirable incentive for higher rate of compliance in this policy zone.

8.4 REGULATIVE POLICY ZONE-2: AJIRIGANO RESIDENTIAL AREA

Table 8-10 reports the results of the stepwise regression analysis. The results show that the model fits the data very well, at least better than that of regulative policy zone-1(Adjusted R^2 =.676, P-Value < 0.05). The implication is that land rights formalisation accounts for significant variations in land prices in the zone that in zone-1.

Table 8-10: Regulative Policy Stepwise Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.714(a)	.510	.497	15756507.984	.510	39.515	1	38	.000
2	.832(b)	.693	.676	12635749.371	.183	22.088	1	37	.000

a Predictors: (Constant), Unformalised
b Predictors: (Constant), No Document, Both Formalised

Table 8-11: ANOVA(c) of the Regulative Policy Regression Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.54083E+15	1	9.54E+15	38.74795	2.8E-07
	Residual	9.35667E+15	38	2.46E+14		
	Total	1.88975E+16	39			
2	Regression	1.30675E+16	2	6.53E+15	41.46634	3.56E-10
	Residual	5.83E+15	37	1.58E+14		
	Total	1.88975E+16	39			

a Predictors: (Constant), Unformalised
b Predictors: (Constant), Unformalised, Both Formalised
c Dependent Variable: Land Value

Further, as indicated in the ANOVA table (Table 8-11) the large regression sum of squares in comparison to the residual sum of squares indicate that the model accounts for most of the variations in land prices in the area. Actually, the model could not account for just about 30 percent of land value variations in the area. This is a significant improvement on the model for zone-1.

In the stepwise regression analysis, absence of officially sanctioned ownership documents uniquely accounts for as much as 50 per cent of variations in land prices in the area (Adjusted R^2 = 0.497, P-*Value* < 0.05). Whiles formalized documents from both the Lands Commission and Land Title Registry accounts for just about 20 per cent of variations in land values in the area (Adjusted R^2 = 0.183, P-*Value* < 0.05). Individually, however, neither the existence of officially sanctioned document from the Lands Commission nor the Land Title Registry by themselves explained significant variations in land values in the area as in the case of regulative zone-1 The coefficients of the regression showing the unique contributions of the variables in absolute monetary terms are reported in Table 8-12.

Table 8-12 : Coefficients (a) for the Regulative Policy Zone 1. 2 Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	106,166,666.67	2,864,891.33		37.05783	1.94E-31
	Unformalised	(35,666,666.67)	5,729,782.66	-0.71054	-6.22479	2.8E-07
2	(Constant)	98,500,000.00	2,806,844.92		35.09278	5.27E-30
	Unformalised	(28,000,000.00)	4,861,598.00	-0.55781	-5.75942	1.33E-06
	Both Formalised	23,000,000.00	4,861,598.00	0.458201	4.730955	3.23E-05

a Dependent Variable: Land Value

The results show that land rights formalisation is more beneficial in these zones than they are in zone-1. As the results show, the absence of officially sanctioned land rights documents tends to reduce land prices in these areas by ¢28.5 million. On the contrary however formalised land rights obtained from both the Lands Commission and the Land Title Registry tends to make a unique contribution of about ¢23.0 million to land prices in these areas. This indicates the quantitative dimension of the benefits that

documentation contributes to the utility of land rights in this policy zone. But this can only occur when the formalisation is with both the Lands Commission and the Land Title Registry. Formalisation with only one of these enforcement bodies contributes insignificantly to value as the model reveals.

Given the varying economic benefits of the respective policies, H_5 that regulative real estate policies will have higher benefits than distributive and redistributive policies is rejected as distributive policies instead are producing considerably higher benefits in comparison to regulative and redistributive policies. On the other hand, hypothesis H_6 that distributive real estate policies will have higher benefits than redistributive policies is accepted as the hypothesis is confirmed by the analysis.

It is now opportune to ascertain the balance between the costs estimated in Chapter 7 and the benefits estimated in this chapter to establish the impacts of these policies.

8.5 THE ECONOMIC IMPACTS OF URBAN REAL ESTATE POLICIES IN GHANA

On the basis of the research questions the a priori expectations of the analysis of the impacts of the policies under review is stated formally in hypotheses form in Chapter 6 and reproduced below as follows:

H_7 Regulative real estate policies will have positive economic impacts as their associated social welfare costs will fall short of their corresponding social welfare benefits.

H_8 Distributive and redistributive real estate policies will have negative economic impacts, as their associated social welfare costs will exceed their corresponding social welfare benefits.

H_9 Redistributive policies will yield higher economic deficits than distributive policies.

These hypotheses are verified below. This is accomplished by comparing the benefit measures computed in this chapter with their corresponding social costs measures as established in chapter 8.

8.6 THE IMPACTS OF REGULATIVE POLICIES

The social costs and welfare damage that regulative policies generate generally far exceed the benefits they produce resulting in their generation of substantial economic deficits. Table 8-13 reports the economic impacts of regulative real estate policies in Ghana computed as the simple arithmetic difference between the estimated costs (Chapter 7) and benefits in this Chapter.

Table 8-13: The Computed Impacts of Regulative Policies

Policy Process	Policy Type	Total Social Benefits (¢)	Total Social Costs (¢)	Economic Impacts	Total Social Costs ($)	Total Social Costs (£)
Concurrence	Regulative	14,300,000.00	61,555,593.46	(47,255,593.46)	(5,136.48)	(2,703.41)
Stool Consent	Regulative	14,300,000.00	60,836,279.73	(46,536,279.73)	(5,058.29)	(2,662.26)
Plotting	Regulative	23,000,000.00	41,596,223.63	(18,596,223.63)	(2,021.33)	(1,063.86)
Land Title (Zone-1)	Regulative	-	36,030,440.28	(36,030,440.28)	(3,916.35)	(2,061.24)
Land Title (Zone-2)	Regulative	-	47,040,304.53	(47,040,304.53)	(5,113.08)	(2,691.09)
Average	Regulative	10,320,000.00	49,411,768.33	(39,091,768.33)	(4,249.11)	(2,236.37)

Source: Field Survey

The analysis found that typically regulative policies incur economic deficits of some ¢39.00 million (US$4,200.00 or £2,200.00) per transaction involving basic unit of residential land, typically 0.23 acres. In detail, the Concurrence regulative policies generate overall highest deficit of about ¢47.3 million (US$5,136.00 or £2,703.00) per single transaction. Additionally, Stool Land Consent incurs a marginal economic deficit of ¢46.5 million (US$5,000.00 or £2,700.00). The Plotting regulative policy which is indeed a superfluous administrative policy albeit most widely patronised generates marginal deficits of ¢16.6 million (US$ 2,000 or £1,000). Within regulative policy zone-1, Land Title certification incurs a marginal deficit of ¢36.00 million (US$3,900.00 or £2,000.00). They however generate a comparatively higher deficit of ¢47.00 million (US$5,100.00 or £2,200.00) in regulative policy zone-2.

This widespread deficit could be because the regimes of regulative policies in place are inapt or deficiently delivered or both. Whatever the source, these deficits are indications that the regulative policies are overbearing on market dealers and

constraining their rationality. The end result, if compliance is strictly enforced, will be a complete stultification of the development of the real estate markets in this policy zone. It does not appear, from earlier studies like Larbi (1994) and Antwi (2000) that these policies are so far being strictly enforced. If this claim is correct, then it will limit the aggregate scale of the damage these policies impose. Nonetheless, so long as they remain on the policy books they present real and eminent danger if not appropriately reformed. It is the weight of these regulative policies that appear to be driving more and more people into the realm of informality and perhaps accounts for the 70 percent land contracts within urban areas of Ghana that are not formalised in compliance with these policies.

8.7 THE IMPACTS OF REDISTRIBUTIVE POLICIES

Table 8-14 reports the impacts of redistributive policies estimated as the arithmetic difference between their corresponding costs and benefits.

Table 8-14 : The Economic Impacts of Redistributive Real Estate Policies

Policy Process	Policy Type	Total Social Benefits (¢)	Total Social Costs (¢)	Economic Impacts	Total Social Costs ($)	Total Social Costs (£)
Regularization	Redistributive	85,000,000.00	62,433,488.17	22,566,511.83	2,452.88	1,290.99
Average	Overall	85,000,000.00	62,433,488.17	22,566,511.83	2,452.88	1,290.99

Source: Field Survey

As shown in the table redistributive policies produce positive impacts of ¢22.6 million (US$2,500.00 or £1,300.00). This figure however is notional and essentially an inconclusive reflection of the true impacts for a number of reasons. Firstly, as mentioned in Chapter 8, data on the extra official payments made to secure formalisation of land rights in this zone was unavailable for the analysis. Scanty anecdotal evidence suggests that, extra official payments made in compliance with this policy can be up to about 50 percent of the land value. If this data had been obtained and incorporated in the analysis, it would undoubtedly have amplified the social costs allied to this regime of policy. This would have eroded the emergent positive impacts, driving it most likely to negative. Secondly, as the analysis in this

chapter shows, the increase in price, that is the extra benefits, results clearly because of official denial of the legal validity of possessory titles to the extent that even though people are in possession of their holdings their titles are considered illegal.

Indeed the true test of the benefits of this policy can be obtained when market dealers are allowed the free will to decide whether or not they are willing to pay the extra costs of compliance. Against their will, effective occupiers of land within these zones are coerced, so to speak, to pay extra for the benefit of obtaining formalized land rights. It is doubtful if such coercive price increase could rightly be classified as benefits within the meaning of economic theory. Economic principles suggest that for any increase in price to be attributed to the utilities derived by market dealers, it must flow from the willingness of the party and not by duress. It is only when consumers, on their own volition are willing to pay a price for the policy that it could be said that they envisage some benefits from and hence prefer to obtain that value from the policy. This is an important way of knowing whether consumers are deriving benefits as it affords them the opportunity to decide if it is worthwhile to comply with the policy. It is clear that if market dealers are not allowed the free will, without such undue instruments of control such as denial of the legal validity of their possessory titles, to decide to pay the extra price to formalize their land rights, they are not being allowed to make rationale decisions on the use of their money. The extra price they are compelled to pay may not reflect the value they place on the policy. It is thus impossible under such situation of duress to know whether the policy is indeed engendering social benefits and hence impacts.

Again, owing to the tenor of this study, the costs of the inequities and injustices meted out to the displaced, dispossessed and uncompensated land rights owners were also not taken into consideration in this analysis. It is however not beyond questioning whether if these are incorporated in the analysis any merit will exists in these policies to enable them generate such negative impacts.

8.8 THE IMPACTS OF DISTRIBUTIVE POLICIES

Table 8-15 reports the computed economic impacts of distributive real estate policies estimated as above. Barring the costs of inequities, injustices and inherent waste in the delivery system, distributive policies emerged as the policy that offers the highest and most significant positive impacts. According to the results of the analysis, the overall impacts of distributive policies per transaction in the sampled zone is about ¢350.00 million (US$38,000.00 or £20,000).

Table 8-15: The Computed Economic Impacts of Distributive Policies

Policy Process	Policy Type	Total Social Benefits (¢)	Total Social Costs (¢)	Economic Impacts	Total Social Costs ($)	Total Social Costs (£)
State Lease Renewal	Distributive	383,000,000.00	32,593,034.48	350,406,965.52	38,087.71	20,046.17
Allocation	Distributive	383,000,000.00	33,297,433.50	349,702,566.50	38,011.15	20,005.87
State Consent	Distributive	383,000,000.00	32,742,469.82	350,257,530.18	38,071.47	20,037.62
Average	Overall	383,000,000.00	32,877,645.93	350,122,354.07	38,056.78	20,029.88

Source: Field Survey

Again, as in the case of redistributive policies, data on extra official payments made in complying with these policies could not be obtained for analysis. Though this may be considerable, even up to 50 percent of the land values, their incorporation are unlikely to erode and drive the impacts to negative given the sheer magnitude of their impacts. This is reflected in the high rate of compliance and land rights formalisation in this area. Perhaps about 90 percent of land rights in this area are formalized.

The reasons for such high impacts could emanate from several sources. Firstly government has paid for all the lands in this policy zone. Accordingly potentials for ownership disputes between government tenants and the dispossessed owners as in the redistributive zones is minimal and in most cases non existent. Thus 90 percent of allocation by government is effectively implemented on the ground. In comparison to other policy zones in the country, distributive policy zones enjoy less ownership contestations and squabbles. Besides, there are no social costs to the dispossessed landowners as they have been duly compensated hopefully at market rates. Even if

some residual social costs exist their effects on the outcome are unlikely to be substantial. Then again, because this policy zone unlike the other policy zones benefits from high professional management and government investment in infrastructure and services including road network drains, piped water and electricity, they tend to attract foreign expatriates, the business community, the high standing members of society, the affluent and politicians. Demands for land in these zones are the highest in Accra and elsewhere in the country. Those who are able to acquire lands in these zones are the few privileged of society and to avoid losing their investments they tend to show willingness to pay the extra price to comply with the policy. It is these characteristics that make the policies socially worthwhile.

Accordingly, hypothesis H_7 that regulative real estate policies will have positive economic impacts as their associated social welfare costs will fall short of their corresponding social welfare benefits is rejected. Regulative policies as the analysis shows are producing clear negative impacts. Again, hypothesis H_8 that distributive and redistributive policy will have negative economic impacts as their associated social welfare costs will exceed their corresponding social welfare benefits is also refuted. The analyses show that while distributive policies generate positive impacts, redistributive policies are producing inconclusive results. Besides, hypothesis H_9 that redistributive policies will yield higher economic deficits than distributive policies is also refuted.

8.9 MODEL VALIDATION

Ideally, having estimated the impacts of urban real estate policies, the models relied on for this estimates needs to be checked for external validity. That is by checking whether the results obtained will be statistically comparable to what was likely to be obtained using another data set drawn from the same population of data. This will give an indication of the extent to which the results of the study can be generalised. To neutralise or isolate the effect of the timing of the data collection as well as the influence of the particular field officers employed for the collection of the empirical data on the results, the validation data has to be obtained at a different time and by

different set of field officers. This implies the need for extra financial and other resources. Owing purely to the lack of financial and other resources no such validation data could be obtained for this testing. It was thus not possible for the models employed in the study to be so validated. That said, as explained in the Chapter 6 enormous efforts were put into ensuring the external validity of the data collected at the data collection stage of the study. For instance to improve the external validity of the study random selection as much as possible rather than non random procedure was used in the sampling of respondents and participants for the study. Besides, before the model was utilized to analyse the data, it was first presented at the 2004 annual conference of the Commonwealth Association of Surveyors and Land Economists where it was subjected to expert interrogation and modification to improve its rigor and reliability. Accordingly, the significantly low p-value or significance level relative to the chosen alpha level of 0.05 for the t-test for the individual partial regression coefficient reported in tables 8-3, 8-6, 8-9 and 8-12 as well as the *F*-test reported in tables 8-1; 8-2, 8-4, 8-5, 8-7, 8-8, 8-10 and 8-11 confirm that, statistically the results of the multiple regression are significant and could not have been obtained simply by chance or happenstance. These results indicate a high probability of obtaining statistically similar results if the study is repeated, implying also that the results are reliable enough to form the basis for generalising the conclusions to the relevant population. However, the external validity of the model will be stronger if this study is replicated in other sub-Saharan Africa urban areas.

8.10 SUMMARY

The foregoing provides indications of the scale of benefits and overall economic impacts of real estate policies in Ghana. Data constraints did not enable precise estimates of these benefits and impacts to be provided. Nonetheless, the available data revealed deferring impacts of real estate policies in Ghana. As the analysis show regulative policies are engendering negative economic consequences whiles distributive policies are producing positive economic consequences. While it is clear

from economic principles that redistributive policies are likely to yield negative repercussions, the data showed that they are producing positive outcomes.

Chapter 9

Findings and Analysis of the Cost of Real Estate Policy Bureaucracies

9.1 INTRODUCTION

This Chapter addresses the last research question vis: to what extent are the enforcement institutions and processes contributing to the impacts of these policies? This question led to the hypothesis that:

> H_{10} The direct costs of enforcing respective categories of real estate policies in Ghana are not significantly different and are also not excessive.

The argument that policy delivery institutions, the world over, bear immensely on the economic outcomes of policies is now widely accepted by specialists in the field (Grindle and Thomas, 1990; 1991). This position derives fundamentally from the scale of costs these delivery modalities incur in their operations (see Baron and Myerson R, 1982). This chapter's concern however is not so much about the typically huge public funds required to deliver real estate policies as their probable inbuilt avoidable or irrelevant costs. This is because, by definition relevant costs promote positive policy outcomes whiles irrelevant costs are essentially waste and hence do not contribute positively to overall policy outcomes. Thus by focusing on the irrelevant costs it is possible to draw attention to the level of waste accumulated and reproduced in real estate policy delivery in Ghana and by extension, sub-Saharan Africa. It is this appreciation that is of profound interest for policy decisions. Bureaucracy theory suggests that policy delivery bureaucracies accumulate irrelevant costs in four main ways (see Chapter 3) notably; (1) aimlessness and inattentiveness to relevant policy delivery activities (2) excessive budgets; (3) superfluous bloating of personnel rosters and (4) the complexities of internal methods of coordination and policy delivery. The ensuing analysis examines the evidence from this perspective to establish the scale of inbuilt irrelevant costs in real estate policy delivery in Ghana.

9.2 THE DATA

The prime data for this section of the analyses is the published approved budgets for these bureaucracies as well as national budget statements for the period 2000 and 2005. This raw nominal budget time series data are reported in Appendix 1 below. Auxiliary data on employee levels of the agencies obtained through systematic administrative records search, observations and unstructured interviews with some staff of the agencies have all been crystallized in the analysis. Before embarking on the analysis, it is vital to point out the paucity of time series data on such variables as employee rosters; approved budgets, actual expenditure patterns and revenue generated. Databases on these variables are either nonexistent in most cases, inconsistent, impoverished or utterly disorganized. Efforts were made to extract crucial data as much as possible from these impoverished sources and these have been relied on for the analysis reported in this chapter. Incidentally, the year 2000, the year for which budget data was obtained coincides also with the commencement of the current dispensation of budgeting rules for the public sector. Thus, the data obtained captures the most current budgeting behaviors of the bureaucracies under analyses.

As explained in Chapter 6 five of the six real estate policy bureaucracies were purposively surveyed for this analysis. The survey excludes the Town and Country Planning Department as the study concentrates on policies within the band of ownership acquisition and formalisation. Land use policies as implemented by Town and Country Planning Department are essentially post ownership formalisation and hence fall, strictly speaking, beyond the domain of this study. The data is analyzed using ANOVA and other supplementary statistical techniques. The rationale for this analysis tools are provided at appropriate sections of the chapter.

9.3 RESULTS AND BASIC FINDINGS

Table 9-4 reports the annualised compounded budgets of the land sector agencies. This is simply the nominal budget figures (Appendix 1) for the bureaucracies for the period 2000 to 2005 compounded at a discount rate of 33 percent. The adopted

discount rate represents the mean bank lending rate for the period under review (2000 to 2005). The compounding procedure is a financial analysis technique that deflates and converts the nominal budget data to their respective 2005 equivalents. By compounding the nominal data, the differences in the budget figures accounted for exclusively by differences in budget years are neutralized making it possible to focus on the real figures for the respective budgets indexed to 2005 prices. Having established a common basis it is possible to make direct comparative analysis of the budgets for the respective years.

Appendix 2 reports the dollar equivalent of the compounded budget data indexed to 2005 prices for ease of international comparison. Table 9-1 and Table 9-2 report the summaries of these compounded budgets in Cedis and Dollars respectively grouped by bureaucracies. Table 9-1 reveals that, the real total budgeted expenditure for real estate policy delivery in Ghana for the period 2000 and 2005 (Table 9-1, column-6 row-8) is ¢588 billion. This translates to US$64 million (Table 9-2, column-7, row-8). This works out to US$11 million per annum (Table 9-2, column -7 row-9). Between the bureaucracies, the analysis found that the Survey Department is the bureaucracy with the largest real annual budgeted expenditure of US$ 3 million per annum (Table 9-2, column-6, row-9). The Land Title Registry on the other hand is the bureaucracy with the least annual real budgeted expenditure of US$ 728,000 per annum (Table 9-2, column-3, row-9). These amounts indicate simply that, in real terms, the government of Ghana is making substantial investments into real estate policy delivery. The basic question that falls for investigations in this Chapter however is whether these government investments are entirely relevant and sufficient for the task of efficient real estate policy delivery.

Table 9-1: Summary of Budgets 2000 to 2005 in Current Cedis Prices by Agencies

Year	Office of the Adm. of Stool Lands	Land Title Registry	Land Valuation Boards	Lands Commission	Survey Department	Total
2000	11,296,607,795.15	14,361,195,004.72	19,190,708,118.10	4,557,761,966.20	9,731,021,553.66	59,137,294,437.83
2001	17,541,214,419.26	7,079,065,911.90	18,897,951,945.52	3,852,120,776.23	19,201,778,545.61	66,572,131,598.52
2002	17,239,418,144.90	4,354,495,823.30	12,994,790,469.50	3,823,035,125.00	14,382,140,508.40	52,793,880,071.10
2003	23,301,189,030.00	3,978,609,880.00	20,706,566,510.00	5,055,162,420.00	7,810,931,730.00	60,852,459,570.00
2004	30,119,340,000.00	3,195,425,000.00	20,157,931,000.00	49,173,200,000.00	12,778,666,000.00	115,424,562,000.00
2005	25,380,140,000.00	7,234,670,000.00	16,346,200,000.00	84,381,600,000.00	99,571,600,000.00	232,914,210,000.00
Grand Total	124,877,909,389.32	40,203,461,619.92	108,294,148,043.11	150,842,880,287.43	163,476,138,337.67	587,694,537,677.45
Annual Average	35,679,402,682.66	11,486,703,319.98	30,941,185,155.18	43,097,965,796.41	46,707,468,096.48	167,912,725,050.70

Source: Field Survey

Table 9-2: Summary of Compounded Dollar Equivalent of Budgets for the Period 2000 to 2005

Year	Office of the Adm. of Stool Lands	Land Title Registry	Land Valuation Boards	Lands Commission	Survey Department	Total
2000	$495,408.91	$1,560,999.46	$2,085,946.53	$1,227,892.15	$1,057,719.73	$6,427,966.79
2001	$418,708.78	$769,463.69	$2,054,125.21	$1,906,653.74	$2,087,149.84	$7,236,101.26
2002	$415,547.30	$473,314.76	$1,412,477.22	$1,873,849.80	$1,563,276.14	$5,738,465.23
2003	$549,474.18	$432,457.60	$2,250,713.75	$2,532,737.94	$849,014.32	$6,614,397.78
2004	$5,344,913.04	$347,328.80	$2,191,079.46	$3,273,841.30	$1,388,985.43	$12,546,148.04
2005	$9,171,913.04	$786,377.17	$1,776,760.87	$2,758,710.87	$10,823,000.00	$25,316,761.96
Grand Total	$16,395,965.25	$4,369,941.48	$11,771,103.05	$13,573,685.80	$17,769,145.47	$63,879,841.05
Annual Average	$2,732,660.88	$728,323.58	$1,961,850.51	$2,262,280.97	$2,961,524.24	$10,646,640.18

Source: Field Survey

Put differently, what is the scale of irrelevant costs inbuilt into these expenditures? To establish this, the data is examined to find out whether, as imagined by bureaucracy theory, the budgets and personnel rosters of the bureaucracies as such are excessive. The excessiveness of the budgets in particular is verified in the ensuing section in two stages. Firstly the data is examined for evidence of budget maximizing traits across the bureaucracies. Secondly the data is examined to ascertain, from a comparative perspective, whether the quantitative dimensions of the budgets as such are indeed excessive. This will make it possible for judgments to be made on the extent to which the budgets are potentially ballooned with irrelevant programmes, mode of conduct and courses of action.

9.4 BUDGET MAXIMIZING TENDENCIES

In the absence of any standardized yardstick for determining the optimal budgets for bureaucracies, an effective way of ascertaining the potential excessiveness of these budgets is to establish, from the budget data, whether the surveyed bureaucracies exhibits significantly similar budget maximizing traits. This, when established will confirm that the surveyed bureaucracies are drawn from the universal population of bureaucracies which will enable conclusions of invariably excessive budgets sizes to be drawn.

This can be confirmed, statistically, if equality in the means and variances of the budget estimates of the surveyed bureaucracies can be established. Surely, it is not expected that the means of the surveyed budget for the respective bureaucracies will be equal given that random variations in the agencies could affect their respective budget allocations. The question being addressed is whether the differences between the budgets are consistent with the assumption of similar budget maximization behavior of bureaucracies. This necessitates the application of the Analysis of Variance (ANOVA) procedure. The ANOVA procedure is a statistical procedure that tests the null hypotheses that the surveyed budgets were drawn from a population whose budget means are equal. The a priori expectation thus is that if the null hypothesis were true then the arithmetic means of the respective budget items would

be roughly the same. The *F*-ratio is the test statistics for the ANOVA procedure. Actually, the *F*-ratio is a statistic of the ratio of the variances *within* and *between* each budget item with each corrected for the appropriate degrees of freedom[14]. The statistical significance of the *F*-ratio provides a measure of the probability of rejecting the null hypothesis of no difference between the means of the budgets when in fact there is no significant difference (type 1 error). Thus if the probability of making such a type 1 error is high then the null hypothesis is confirmed indicating the absence of significant differences in the means of the budgets being analyzed.

Accordingly, to verify the significance of the differences in the means of the sampled budgets, one-way 5 x 4 analysis of variance (ANOVA) is conducted on the data using the four expenditure classes; Wage bills, Administration, Services and Investments as variables and the respective bureaucracies as factors. Table 9-3 reports the results of the ANOVA procedure. The *p*-value (or sig. in Table 9-3) which is a measure of the actual probability of obtaining the reported value of the respective *F*-ratio (or F in Table 9-3) provides a measure of the lowest significance level at which the null hypothesis of no difference between the respective budget items can be rejected. By statistics convention, the *p*-value (or sig.) statistic is gauged against an accepted, albeit arbitrary *alpha* or probability level of 0.05. That is to say, the probability (i.e. *p*-value or sig.) of obtaining the F-ratio for particular budget variables must be more than 0.05 for the null hypothesis of no difference in the budgets to hold. If the probability is less than 0.05 then significant differences exist in the budget variables.

Table 9-3 confirms that statistically significant difference exists in the respective mean Wage bills ($F_{4, 25} = 14.662$, sig. = 0.000) as well as Administration budgets ($F_{4, 25} = 9.210$, sig. = 0.000). The probability of obtaining the reported *F*-ratios is considerably low, less than 5 in 10,000 (see Table 9-2 , sig. = 0.000 rounded to three decimal places). This means that chances of making an error in rejecting the hypothesis of no significant difference in the budgets for these variables is less than 5 in 10,000.00. With such

[14] The degree of freedom for the variances between samples is the number of samples less one while the degree of freedom for the estimated variances within the sample is the total number of cases less one.

trivial risk, the null hypothesis is rejected leading to the confirmation of significant difference in the means of these particular budget variables. Thus for these variables at least one of the bureaucracies differs significantly from the rest in budget maximizing traits.

Table 9-3: ANOVA of Land Sector Annual Budgets

		df	F	Sig.
Wage Bill	Between Groups	4	14.662	.000
	Within Groups	25		
	Total	29		
Administration Expenses	Between Groups	4	9.210	.000
	Within Groups	25		
	Total	29		
Services Expenses	Between Groups	4	.931	.462
	Within Groups	25		
	Total	29		
Investment Expenses	Between Groups	4	1.329	.287
	Within Groups	25		
	Total	29		

Conversely, no statistically significant difference is found between the bureaucracies regarding their budgets for Services ($F_{4, 25} = 0.931$, sig. = 0.462) and Investments ($F_{4, 25} = 1.321$, sig. = 0.287). The results indicate that the probability of obtaining the reported *F*-ratios for budgets on Services and Investments is 46.2 in a 100 and 28.7 in 100 respectively. These are indications of considerable chances of making an error in rejecting the null hypothesis of no difference in the means of these budget variables. With such considerable risk, the null hypothesis is accepted and the lack of significant differences in the budgeting traits of the bureaucracies for these budget variables is confirmed. Thus for these variables the bureaucracies exhibit similar budget maximizing traits.

To determine which bureaucracies statistically differ significantly in budget maximizing traits for Wage bills and Administration expenses recourse is had to a posteriori Scheffe comparison tests, one of many of the available multiple methods. It is relied on because of its conservativeness in comparing differences between variables. The Scheffe's procedure performs comparison on the means of all the

possible pair of bureaucracies by computing the arithmetic differences of their means and checking if the differences are statistically significant based on their *p*-values.

Appendix 3 reports the results of the Scheffe test conducted on Wage bills and budgets for Administration. The significantly different pair of bureaucracies are indicated in the table by the * next to their means in the column headed Mean Difference at *alpha* level of 0.05. The last column provides the exact significance of the difference between any two means. The test confirms that the Land Valuation Board is the only bureaucracy that differed significantly from the rest with regard to Wage Bills ($F_{4, 25}$ = 14.662, *p*-value (or sig. < 0.05). The test shows further however that regarding budgets on Administration, significant differences exists between Lands Commission, Land Title Registry, Land Valuation Board and the Survey Department.

These results suggest inconsistencies in the budget maximizing behavioral patterns across the bureaucracies on the respective budget variables. The results however did not confirm the extent to which the budgets are actually growing and whether such growth rates can be classified as excessive as imagined in bureaucracy theory.

9.5 THE BUDGET GROWTH RATE

Together, Table 9-4 and Table 9-5 present the compounded annualized budget growth rates for the bureaucracies under consideration. Specifically Table 9-4 reports the indices for the respective budget items whiles Table 9-5 depicts the indices for the corresponding bureaucracies. Compounded annualized budget growth rate is an index for measuring the year over year growth rate of the budgets for the bureaucracies over the survey period. This index provides insights into the pace at which the budgets have been growing as well as their respective pattern of growth. Bureaucracy theory as reviewed above suggests that, typical bureaucracies would show a consistent upsurge in growth rate of overall budgets and in particular of the wage bills.

Table 9-4: Annualised Compounded Budget Growth Rate in US$ by Expenditure Items

Year	Personnel Expenses	Admin Expenses	Services Expenses	Investment Expenses	Total
2000	-	-	-	-	-
2001	-9.28	24.37	47.85	8.45	11.17
2002	-22.50	-42.84	1.98	-37.80	-26.10
2003	31.42	33.05	-19.34	-37.92	13.24
2004	-23.83	9.80	66.55	80.21	47.28
2005	35.65	8.28	75.68	35.86	50.44
Average	2.29	6.53	34.55	9.76	19.21

Source: Field Survey

Table 9-5: Annualised Compounded Budget Growth Rate in US$ by Agencies

Year	Lands Commission	Land Title Registry	Land Valuation Boards	Office of the Adm. Of Stool Lands	Survey Department	Total
2000	-	-	-	-	-	-
2001	35.60	-102.87	-1.55	-18.32	49.32	11.17
2002	-1.75	-62.57	-45.43	-0.76	-33.51	-26.10
2003	26.01	-9.45	37.24	24.37	-84.13	13.24
2004	22.64	-24.51	-2.72	89.72	38.88	47.28
2005	-18.67	55.83	-23.32	41.73	87.17	50.44
Average	**12.77**	**-28.71**	**-7.15**	**27.35**	**11.54**	**19.21**

Source: Field Survey

At the minimum, budgets for organisations are expected to keep pace with general inflationary increases in prices. Thus, it is expected, a priori, that if these bureaucracies are growing excessively, their respective average budget growth rate will far exceed the country's prevailing average annual inflation of 28.5 percent (on inflation analysis see further CEPA, 2002). Remarkably, the empirical evidence reveals otherwise. According to Table 9-4 and Table 9-5, in real terms, the budgets for the bureaucracies grew by an average of just about 19 percent per annum oscillating erratically from a deficit growth rate of -28.71 percent (Land Title Registry) to a maximum of 27.35 percent (Office of the Administrator of Stool Lands) (Table 9-5). This rate is substantially lower than the country's average annual inflation rate suggesting that the bureaucracies are not running excessively large budgets. Indeed these growth rates are even not consistently upwards as often imagined. Overall, the bureaucracies exhibit a rather erratic pattern, oscillating from a minimum growth rate of -26.10 percent to a maximum of 50.44 percent (columns 6 and 7 of Table 9-4 and Table 9-5 respectively). Again, while the expectations from the theory are that the Wage bills will exhibit a significant growth rate or at least consistent upward growth pattern typically above inflation also, this expected pattern is wanting. At a typical growth rate of 2.29 percent, Wage bills (column 2, Table 9-4), instead records the least growth rate in comparison to the other budget variables.

Besides, the growth rate of Wage bills is also quite erratic rather than consistent, ranging from a minimum deficit growth rate of -23.83 percent in 2004 to a maximum of 25.65 percent in 2005. Administrative expenses, the recurrent running costs, another important indicator of growth, show a similar low pattern of growth. According to Table 9-4 administrative expenses grew at an average annual rate of just some 6.53 percent ranging from a deficit growth rate of -42.84 percent in 2002 to 80.21 percent in 2003. Similarly, Investment expenses grew less than 10 percent also oscillating between deficit growth rates of -37.92 percent in 2003 to a maximum of 80.21 in 2004. Service expenses exhibits the largest growth rate of almost 35 percent from a minimum of -19.34 to a maximum of 75.68 percent. From Table 9-4 and Table 9-5 it is explicit that the growth rate of the budgets of the bureaucracies is not even at pace

with general price increases in the country. For the Land Title Registry and the Land Valuation Board in particular the trend is essentially downwards.

Table 9-6: Summary of Budgets in US$ by Expenditure Items

Year	Wage Bill	Admin Expenses	Services Expenses	Investment Expenses	Total
2000	$2,755,734.68	$1,163,930.48	$527,842.09	$1,980,459.54	$6,427,966.79
2001	$2,521,707.72	$1,538,995.39	$1,012,097.79	$2,163,300.35	$7,236,101.26
2002	$2,058,582.95	$1,077,456.60	$1,032,551.92	$1,569,873.75	$5,738,465.23
2003	$3,001,592.57	$1,609,314.46	$865,222.83	$1,138,267.92	$6,614,397.78
2004	$2,424,026.20	$1,784,180.54	$2,586,847.83	$5,751,093.48	$12,546,148.04
2005	$3,766,706.52	$1,945,148.91	$10,638,431.52	$8,966,475.00	$25,316,761.96
Grand Total	$16,528,350.64	$9,119,026.39	$16,662,993.97	$21,569,470.05	$63,879,841.05
Proportion of Total	25.87%	14.28%	26.08%	33.77%	100.00%

Besides as Table 9-6 reports, contrary to theoretical expectations, Wage bills and administrative budgets are not large in comparison to the other budget items. Administrative budgets and Wage bills represent 14.28 and 25.87 percent of the total budgets as compared to 26.08 and 33.77 percent for Services and Investment budgets. Yet there are suggestions from the official records that public sector wage bills in particular, in Ghana, are generally increasing. For instance in 2001, total government public service wage bill (¢3,056.5 billion) accounted for 51.0 percent of total public service budgets (MFEP, 2000). This gives a measure of the national index of the ratio between wage bills and total public sector budgets. Yet in the same year the wage bill for the surveyed bureaucracies (¢6,092.1 million) accounted for 21 percent of total budget (¢28,420.6 million), some 30 percent short of the national index for the year. This national wage bill-total budget index increased to 70.5 percent in 2002 (MFEP, 2003). Given such increasing national trends in public service wage bills, it is reasonable to expect this to engender similar wage bill increases in the real estate sector. Yet on the contrary, in the same year, the wage bills for the real estate sector bureaucracies (¢8,050.1 million Cedis) accounted fell to about 18 percent of their total budget (¢44,880.6 million), a shortfall of about 48.5 percent from the national average.

Table 9-7: Comparative Personnel Emoluments (millions of Cedis)

	N	Minimum	Maximum	Mean	Std. Deviation
Forestry Commission	6	10,20.09	15,124.29	10,220.40	4,996.28
Wildlife Division	6	323.76	11,653.11	6,946.50	4,362.93
Valid N (listwise)	6				

Table 9-7 presents descriptive statistics of the wage bills of two comparable bureaucracies within the same Ministry as the real estate bureaucracies' -the Forestry Commission and the Wild Life Division. Before 1986, these two bureaucracies together with all the surveyed bureaucracies were together as one department, the Lands Department. Since the split, each unit became a whole bureaucracy. Now, the evidence reveals that the wage bill of what used to be about a sixth of the erstwhile Lands Department has overgrown the remaining five bureaucracies put together several times over. The table reveals for instance that over the five year period, 2000 to 2005, in cedi nominal terms, the mean annual wage bill for the Forestry Commission alone (one bureaucracy) amounted to ¢10,220.40 million (Minimum = ¢1,020.09; Maximum = ¢15,124.29 and Standard Deviation = ¢4,996.28). This represents a whole 71.1 percent above the wage bills of all the five real estate bureaucracies put together over the same period. This becomes even more revealing when compared with the real estate bureaucracies individually. If this trend is justifiable on grounds of efficiency, then it means that if the split had not taken place, the forestry Commission as a department of the erstwhile land department alone would have been some 70 times larger than the remaining five departments put together. Similarly, the Wild life Division, previously a subset of the Forestry Commission, another single bureaucracy incurred a mean wage bill of ¢6,945.50 million (Minimum = 323.76; Maximum = 11,653.11 and Standard deviation = ¢4,362.93 million) which is also 57.5 percent more than that of all the five real estate bureaucracies put together.

It is evident that the wage bill of the real estate bureaucracies is, by national standards, not excessive or too large, indeed comparatively small. These patterns unequivocally contradict the propositions and expectations of public choice theory of bureaucracy perspective of consistent budget and Wage bill maximizing behavioural

patterns of bureaucracies. Rather, these agencies appear to be financially malnourished which is likely to cause a shrinking capacity to deliver. Though these growth trends by themselves do not provide direct measures of irrelevant costs, they show that even if such costs are inbuilt in the budgets they are not substantial. Nonetheless, though these growth rates are not clearly extraordinary, they still do not adequately verify the theory that bureaucracies invariably constitute unnecessary drains on national resources.

9.6 BUDGETS' SHARE OF NATIONAL INCOME

Table 9-8 reports the impacts of the budgets on national revenue. In Ghana, the two main internally generated government revenue classes are the tax and non-tax revenues. These constitute the traditional funding sources for the budgets of public services and government bureaucracies in Ghana. To place the analysis in context a comparative analysis of the budget of the Forestry sector and the real estate sector bureaucracies is undertaken. Though the two sectors are not exact comparables (and none exists anyway), the forestry sector is highly and perhaps the best proximate comparable of the real estate sector. The two bureaucracies are fundamentally two sides of what used to be a single sector. They are both directly involved in land management activities. While the real estate sector bureaucracies concentrates on the management of non-forest and non-mining land use activities the forestry sector concentrates on the management of forestland use activities. Their activities involves basically similar tasks such as allocation of rights in land, recording of transactions involving rights in land, consenting and certification of land right transactions and the formulation of policies regarding land and natural resources in Ghana.

Column 6 of the table reports statistics on the percentage or ratio between the respective annual budget and total government revenue for the preceding years. These statistics help in gauging the scale of the drain that these respective budgets constitute on national revenue in Ghana. As reported in the table, the real estate bureaucracies' budgets as a proportion of the preceding year's government revenue oscillates between a minimum of 0.25 percent in 2001 to a maximum of 0.65 percent

attained in 2000. This represents an annual average of less than 0.5 percent (Mean = 0.49%) share of government internally generated revenue. This diverges starkly from the forestry sector's average share of 1.5 percent (minimum = 0.04% and maximum = 2.42%).

Table 9-8: Comparison with Government Revenue (Million of Cedis)

Year	National Non-Tax Revenue	National Tax Revenue	Total Internally Generated Revenue	Subsequent Year's Budget for the sampled land sector agencies		Budget Share of Government Revenue (%)	
				Land Sector	Forestry Sector	Land Sector	Forestry Sector
1999	310,400.00	3,089,100.00	3,399,500.00	20,762.90	1,343.00	0.61	0.04
2000	961,600.00	3,731,700.00	4,693,300.00	30,596.10	74,883.00	0.65	1.60
2001	3,731,700.00	6,556,900.00	10,288,600.00	25,998.50	141,861.00	0.25	1.38
2002	252,400.00	8,547,500.00	8,799,900.00	42,029.10	212,585.00	0.48	2.42
2003	298,600.00	12,556,300.00	12,854,900.00	66,240.40	286,510.00	0.52	2.23
2004	1,136,300.00	17,403,000.00	18,539,300.00	76,652.60	251,122.00	0.41	1.35
Mean	1,115,166.67	8,647,416.67	9,762,583.33	43,713.27	161,384.00	0.49	1.50

Source: Data on non tax and tax revenue were extracted from the budget statements of Ghana (1999 – 2005).

This indicates that the real estate sector's budget share of the total revenue is about a third of that of the forestry sector. At such a comparatively small share, it does not appear the budgets of the real estate sector bureaucracies are considerably excessive and overbearing on national resources. Thus, their budget sizes or wage bills per se do not appear to represent important sources of irrelevant costs. Indeed, over reliance on budget sizes to track the sources of extraneous costs in these bureaucracies is diversionary and more likely to obscure the true sources of irrelevant costs.

9.7 THE SIZE AND STRUCTURE OF THE PERSONNEL ROSTER

The low wage bill only provides indications of the direct cost dimensions of these bureaucracies as accounted for by personnel expenses. As Hutchful (2002) puts it, these salaries hardly suffice for a minimal standard of living. In general wages and salaries in the public services in Ghana are very low, indeed the lowest in West Africa

(UN DESA DPEPA, 2002, p. 9). According to the World Bank (2005, p.2) public service wage bills as a proportion of Ghana's GDP are lower than the average of low and middle-income countries. Thus though the overall size of the wage bill may be small the actual workforce deployed in real estate policy delivery could be large in quantitative terms. That said a look at the empirical evidence from a comparative perspective show that the bureaucracies in practice deploy very small stock of workforce in real estate policy delivery in Ghana. The evidence as analyzed in Table 9-9 shows actually that the workforce sizes of the real estate policy delivery bureaucracies are shrinking in real terms.

As the table shows, overall the five bureaucracies put together employ a total of 1,954 staff across the ten regions of the country to serve Ghana's 22 million population which is growing at an average annual rate of 2.14 per cent (see United Nations, 2005). Thus if population growth is indeed an important factor of demand for real estate as economic theory suggests then such increasing population trends regardless of the structure of the population will most likely engender a increasing demand for real estate policy delivery services. Yet the workforce size available to meet this demand represents less than one percent (0.24 percent) of the total public service workforce of 800,000.00 (United Nations, 2005). The distribution of this total staff level among the individual bureaucracies show that currently the Lands Commission has a total workforce of 264 (0.03% public service), the Survey Department 539 (0.07% of public service), Office of the Administrator of Stool Lands 251(0.03% of public service), Land Title Registry 82 (0.01% of public service) and Land Valuation Board, 818 (0.1%).

These are trivial figures in comparison to the 3000 staff of the Ghana Highways Authority (0.38% of public service), 800 of the Department of Urban Roads (0.1% of public service), 25,000 of the Ghana Health Service (3.13% of public service) and 240,000 of the Ministry of Education (30% of public service) respectively (see further World Bank, 2005a, p. 35). Besides, the workforce sizes of the real estate bureaucracies declined overall between 2001 and 2005 by some 0.03 percent.

Table 9-9: Real Estate Sector Workforce

	2001				2005				
Agency	Professionals	Sub-professional	Others	Total	Professionals	Sub-professional	Others	Total	Inter-census Percentage Change
Lands Commission	**52**	**24**	**211**	**287**	**39**	**16**	**209**	**264**	**-8.01**
Survey Department	**33**	**29**	**459**	**521**	**33**	**35**	**471**	**539**	**3.45**
Off. Of Admin. Of Stool Lands	**23**	**21**	**205**	**249**	**23**	**21**	**301**	**251**	**0.80**
Land Title Registry	**7**	**3**	**56**	**66**	**23**	**36**	**23**	**82**	**24.24**
Land Valuation Board	**36**	**28**	**773**	**837**	**35**	**655**	**128**	**818**	**-2.27**
Total	**151**	**105**	**1,704**	**1960**	**153**	**763**	**1,132**	**1,954**	**-0.31**
Percentage	**7.70**	**5.36**	**86.94**	**100.00**	**7.83**	**39.05**	**57.93**	**100.00**	

Source: Field Survey

Even the agency, Land Title Registry that grew significantly (24%) over the period, grew that much because of its low workforce base of 66 to only 82 staff. It is still the smallest real estate sector bureaucracy. This confirms further that by national standards, real estate bureaucracies are one of the smallest bureaucracies in the country. Overgrowth does not thus appear to be a major source of extraneous costs at least by national standards. Given the failure of bureaucracy theory to provide ample guidance to the sources of irrelevant costs inbuilt into the operations of the surveyed bureaucracy, there is the need to explore other non-traditional routes.

9.8 THE PROSPECTIVE SOURCES OF EXTRANEOUS COSTS

This study found large measures of extraneous costs in two key unassuming areas. These relate to the structure of the workforce of the real estate bureaucracies and inbuilt misallocations in the respective budgets of the agencies.

9.8.1 Acute Imbalances in Workforce Structure

In Ghana, as the study found even the Weberian view of bureaucracy as based on a high degree of technical competence is far from reality. As Table 9-9 shows the real estate bureaucracies are manifestly bereft of professional staff (under 8% of total workforce) with major overstaffing and apparent widespread underemployment at the lower ends of the echelon- messengers, typists and clerks. These lower end employees constitute about 58% of the total workforce. Owing to the continuing government freeze on employment, heads of these bureaucracies have no control over the selection of their staff mix and appointments. As a result, overall about 41% of established vacancies for professional staff within the real estate sector bureaucracies remain unfilled. The situation is unlikely to improve without drastic reconsideration of government policy of public service recruitment and any concomitant extraneous costs will thus continue to persist.

This workforce profile gives a relatively high typical supervisor-staff ratio of 1:12 for service organisations as compared to about 1: 4 in major private survey and valuation firms in Ghana as the survey found. A fundamental consequence of this is the high coordination costs. Managers are unable to effectively coordinate and supervise the

work of the lower end staff. The methods adopted by managers to ensure that things are done well are to part take in the routine tasks. These managers are in the end clearly stretched to the limits on routine activities and paper shuffling. The survey found that these managers strain to keep up with administrative task, dealing with internal and external correspondence, written evaluation of everyday staff work, preparation of staff schedules, leave approvals, preparation of reports, internal and external meetings and other policy delivery activities such as rent assessment and site inspections. Practically, no time is left for effective business strategy, research, policy analysis, analytic work and policy development activities that are essential for efficient real estate policy delivery. The inefficiency costs of this inertia to the real estate market and the broad economy are obviously incalculable. For instance as a result of this inertia, all the bureaucracies continue to employ manual procedures in delivery policies and continue to rely on archaic maps and files that are defaced and in tatters even in the age of information technology.

Another practical result of this high supervisor-staff ratio is that, without exception, errant, secretariat, clerical and technical staff control too much of what goes on in these bureaucracies. It does not appear that all these staff are indeed required for the work of the bureaucracies and not all of them indeed have identifiable schedules, indications of underemployment and a source of waste. Besides these errant staff decide when a file moves from one desk to the other, when correspondence, transaction documents and certificates are typed and the scale of preference for dealing with cases by senior officers. This has culminated in an inbuilt tradition of paternalism across the bureaucracies, which tend to view clients as people seeking favours from the bureaucracies. The bureaucracies do not perceive these clients as necessary forces for their survival or continuous existence. As a result, officially these market dealers are described as 'applicants' rather than as 'clients'. Unsurprisingly, issues of customer care, which are the prime drivers of efficiency, are explicitly absent in these bureaucracies.

Given this tradition, staff of these bureaucracies are able to demand favours and extra legal payments and bribes which this study established to be as much as three times, or more of official payments. The problem is because these bureaucracies are monopolist organisations, these clients in most cases have no option than to comply and pay these extra legal fees in addition to the official fees to obtain services from the bureaucracies. This situation is festered by the generally low salaries of employees of these bureaucracies as a result of which, heads of these agencies lack the moral courage and justification to exert necessary controls to curb this malfeasance.

These obviously irrelevant costs may appear trivial at first sight, but definitely not after their full impacts are brought into perspective. The welfare costs of these extra legal payments are estimated in chapter 8. Thus, Goldsmith (1998) must be overlooking these extra extraneous costs in contending that because the salaries of these lower level staff are low, getting rid of them would lead to insignificant costs savings. This may be so from the government but certainly not from the perspective of the clients and social welfare costs perspectives.

9.8.2 The Extraneous Costs of Input Control Budgeting

This study found that a more serious source of waste and extraneous costs is inherent in the budget preparation and implementation processes rather than the size of the budgets per se. The starting point for such waste is the arbitrary ceilings imposed unilaterally on the budget sizes of all Ministries and their departments by the Ministry of Finance every year. These ceilings are imposed based exclusively on financial exigencies without recourse to any critical analysis of the budgetary requirements of the Ministries. Perhaps this is to address the public choice concern that, when given the opportunity, bureaucrats will inflate their budgetary requirements. In that sense some merits may exist in this approach. After a point, however increasing budget cuts begins to hinder the fiscal health of organisations, which invariably leads to deadweight losses through misallocation, and underemployment of existing resources. How this input control budgeting system is

leading to the accumulation of waste and extraneous costs in the real estate bureaucracies in Ghana is interesting.

Because bureaucrats have little control over the size of their budgets, they show a serious lack of commitment to the budget preparation process. These organisations thus do not have designated budget units or departments. What are in operation are budget committees mandated to be established by the government. Thus, the actual task of budget preparation is handled by staff of the Accountant General's Department on secondment to the agencies or in some cases by single or very few staff. These staff perform these functions in addition to a whole range of other functions that are unrelated to budget preparation. The survey found also that in general these persons have no formal training in budget preparation. This is even compounded by the Ministry of Finance's tradition of requesting for the submission of budget estimates always at the last minute. In 2004, the survey witnessed that the agencies had just a week to submit their budget statement for 2005. This under normal circumstances should not create any problems if a strong permanent budget unit exists within the departments. In the absence of such permanent budget units in these bureaucracies, the budget process indeed starts on receipt of the deadline for submission.

Behind a veil of urgency to meet deadlines and the importance of not exceeding ceilings, budgetary allocations are often made in haste and largely arbitrarily without any serious analysis of the fiscal and performance implications of individual budget items. The heads of these agencies around this time also tend to be more concerned with meeting deadlines and thus show very little concern for the details of their agency's budgets. Under such situation, chances are that resources will be misallocated and this appears to be the most serious source of waste in the budgets. The data (Table 9-6 of page 248 above) show that in the end the misallocations are made in favour of Investments and Services - training, foreign travels and the rest as those are the two areas that the bureaucracies have full budgetary controls. However these misallocations in favour of investments do not appear to have gone into

investments into operational issues and equipments. With all these huge budget expenditure these agencies are bereft of basic equipments and resources to effectively carry out their functions. The Land Title registry has only three computers all of which are used for secretarial purposes. The survey department has only two Geographical Positioning Systems (GPS) to carry out land surveys in the whole of the Greater Accra region. The services of the agencies continue to deteriorate. These suggest that these resource misallocations do not find their way into the efficiency stream; they are most likely expended on investments that do not contribute directly to the efficient operations of the organisations.

The analysis confirms the hypothesis H_{10} that the direct costs of enforcing respective categories of real estate policies in Ghana are not significantly different and are also not excessive.

9.9 SUMMARY

The chapter examined the budget data of the respective land policy administration agencies largely from a comparative perspective and confirmed that the budgets of the agencies are not comparatively huge. The source of waste, which is contributing adversely to policy outcomes, is hidden in non-traditional sources. This chapter concludes the analysis phase of the study. The next chapter now provides a summary of the research and presents the major conclusions arising from the study.

Chapter 10

Summary, Conclusions and Recommendations from the Study

10.1 INTRODUCTION

This chapter summarizes the research and survey that is described in the thesis including an outline of the main conclusions that have resulted from the findings of the study. The ways in which the study may be extended in future are also discussed and propositions for improvement in the regions real estate markets and policy administration are also summarized.

10.2 SUMMARY OF THE STUDY

Chapter 1 laid out the main foundation for the study. It provided the background to the study, the statement of the research problems, the main research questions, aims and objectives, the delimitation and limitations of the study as well as the significance of the study. This chapter established that the economies of sub-Saharan Africa are in dire condition and the regions urban real estate markets offer enormous potential for improvement in the economic conditions of the region. Yet the prevailing regimes of policies do not appear to be inducing these markets to perform efficiently. Nonetheless, due to a divergence of opinion on the true economic merits of these policies it has not been easy to point out which policies are causing harm and which ones are doing well. These divergent views persist because much of these works are qualitative in methodology, which permits value judgments to influence outcomes. This has produced a stalemate in policy decisions and progress is being sought through costly experimentations with policy reforms and ideologies. It is in the bid to break this apparent stalemate in real estate policy discussions and to move policy decisions forward in the region that this study is designed. The chapter thus provides justification for quantitative evidence of the economic impacts of real estate policies in the region so that harmful policies can be identified and isolated. The study accomplishes this by subjecting existing government real estate policies to quantitative examination with the view to providing quantitative and objectively ascertained evidence of their true economic consequences.

To accomplish this, Chapter 2 reviewed the focal literature with the view to placing the study within the broad intellectual dialogue surrounding the issues. Chapter 2 established in essence that earlier land reform policies of the region launched a pattern, which is thriving today. These policies commenced a regime of formal land tenure system which operated in parallel to the indigenous tenure system. This formal tenure system was achieved by forceful takeover of large proportions of indigenous landholdings into government ownership together with a series of regulatory and registration requirements. These policies, both in terms of ideology and practice established in essence path dependence which set the land and real estate market institutional frameworks with lingering effects on long term state-market relations (on path dependence see North, 1990). They serve as the convenient tool by which postcolonial regimes maintained extensive control over land rights in the respective sub-Saharan Africa countries. Accordingly, they continue to primarily dictate the distribution of property rights, wealth, land endowment, inequalities and political power in these societies with long-term poverty and growth consequences. Even the current generation of land reforms appear to be threatened by these past policies. Yet little is known about the full economic impacts of these policies. This study is designed to bridge this knowledge gap.

Having placed the study within the broad relevant discourse, Chapter 3 formulated a theoretical framework within which the study was driven. The Chapter presented the Coase theorem as the main theoretical perspective from which the policies are evaluated. The Coase Theorem provided a yardstick for measuring the economic considerations on which real estate policies should be enacted in sub-Saharan Africa by presenting transaction costs as the prime indicator of the merits of policies. The theorem ultimately helped in understanding why the region's policies have taken particular shapes and why they are unlikely to change materially for a considerable length of time.

Chapter 4 demonstrates that the power to enact real estate policies in Africa have for a long while been monopolised by a few. This reflected in the institution of colonialism, single party policy process military regimes, and despotic policy process within an emergent democracy. The discussion revealed that real estate

policies enacted during periods of pure autocratic rule were no different from those enacted during the democratic era because transaction costs in organising and running a viable opposition, pluralism, negotiation and consensus seeking remained considerably high in both periods. Real estate policies were thus enacted with virtually no scrutiny and absence of opposition to express indignation about inefficient decisions. Public opinion was of little concern, as political power is achieved not by winning of votes. Having made the transaction costs of opposition exorbitant to monopolise power, the monopolistic administrations faced very little or no transaction costs in policy formation particularly in societies where the monopolisation of power was absolute. Policies thus emerged at the whim of the monopolistic government.

To provide the equipment for objectively measuring the impacts of the real estate policies under review in response to the research questions raised in Chapter 1, Chapter 5 formulated a bespoke quantitative measuring framework. This framework was measured based on a review of traditional impacts evaluation methods and making necessary adjustments in the selected suitable methods to accommodate the peculiar data conditions of sub-Saharan Africa. In the end a hybrid set of structural equations were presented as the tool for measuring the economic impacts of real estate policies in sub-Saharan Africa.

Chapter 6 offered the methodology relied on in gathering data on the key operational variables required as inputs for the measuring framework in Chapter 5. Following this methodology, Chapters 7 to 9 were devoted to the reporting and analysis of the findings of the empirical component of the study. Chapter 7 focused on the analysis of the data relating to the social costs dimensions of the policies while Chapter 8 concentrates on the benefits dimensions. Chapter 9 analysed the empirical data relating to the costs of real estate policy delivery.

Chapter 7 found in particular that real estate policies in Ghana are imposing huge social costs on the Ghanaian society. About 90 percent of these costs are found to emanate from the indirect costs borne by market dealers seeking compliance with these policies. Chapter 8 on the other hand revealed deferring impacts of real estate policies in Ghana. As the analysis show regulative policies were found to be

engendering negative economic consequences whiles distributive policies are producing positive economic consequences. While it is clear from economic principles that redistributive policies are likely to yield negative repercussions, the data relied on showed that they are producing positive outcomes.

Chapter 9 found, rather curiously, most of the suggestion by public choice theories to be the sources of extraneous costs in bureaucracies largely wanting. The bureaucracies involved are not overgrowing neither do they have large workforces or budget sizes. Indeed, there is very weak incentive within the sector for bureaucrats to exaggerate their budgets in the ways espoused by bureaucracy theory. Firstly, salaries of bureaucracies are fixed for all public servants in Ghana by central government and budget sizes of particular bureaucracies have no bearing on salaries directly. Secondly, the reality is that prestige and manifestation of machismo of bureaucrats does not appear to correlate strongly with the budget sizes of the agencies. Thus, these did not serve much as sources of extraneous costs in real estate policy delivery.

The data showed instead two unexpected things about real estate sector bureaucracies that are inducing extraneous costs. First, the imbalances in the workforce structure which is skewed in favour of errant, secretarial and clerical staff is generating profound extraneous costs through inertia in strategic and policy development. Second, the input control budgeting systems operational in the country is inducing a misallocation of budgetary items leading to costs that do not necessarily affect the sizes of the budgets but contributes little to the purpose of the organisations or even the amount of tasks they perform. Left unchecked these extraneous costs can block progress in the development and performance of the Ghanaian real estate market and erode possible policy gains.

10.3 THE FUNDAMENTAL CONCLUSIONS OF THE STUDY

This section outlines the main conclusions drawn from the analysis and discussions of the results. It points, with reasons, to the areas of agreements or disagreement of the results of this thesis with the conventional theories and literature.

10.3.1 Attributes, Considerations and Sources of the Policies

The attributes, considerations and sources of policies, whether in the field of real estate or some other economic field has attracted much attention from policy analysts as they determine the success of policies. Extant theory of policy analysis contends that a liberal policy process in which all relevant actors make informed contributions to policy formulation and implementation offer the best basis for efficient policies. This research had varied results about the basis for efficient policies. By employing insights from transaction costs theory to the policy processes of sub-Saharan Africa the study found (Chapter 4) that both monopolised and liberal policy processes offer similar potential for efficient policy formulation. Rather, what determines, the attribute and efficiency of policies is the scale and pervasiveness of the transaction costs faced by respective actors in the policy process in particular societies. It is this transaction cost that also determines the attributes of the policies that are enacted and their revocability or transformation by future regimes.

On this score, this study demonstrates that real estate markets in sub-Saharan Africa have been burdened with manifold government interventions that have emerged largely from a highly government monopolised policy environment with considerably high transaction costs. This led to four classes of real estate policies: Regulative, Distributive, Redistributive and Delivery policies. Because these policies evolved from policy processes with considerably high transaction costs, as the study establishes, they are engendering particular patterns of costs and benefits distribution that have activated particular economic behavioural patterns in economic agents, politicians, bureaucrats, voters, clients and interest groups. These behavioural patterns feed back into the policy processes through lobbying for the maintenance and formation of policies that concentrates benefits on clients of incumbent governments, interest groups and bureaucrats. Whether particular real estate policies in sub-Saharan Africa will continue to remain in place under particular regimes of government or not depends on whether it affords the incumbent the opportunity to distribute favours to their clients or interest groups or quell the manoeuvres of their political opponents as opposed to the economic rationality of the policies. Yet the overriding consideration is whether the

transaction costs (usually in terms of political costs) associated with reforming a policy outweighs its benefits (also usually in terms of political benefits). The calculation, this study establishes, often favours the continuous stay of policies that offer higher political benefits even if they offer lower economic benefits. This explains why policies enacted under dictatorial regimes in these countries have proved impervious to change regardless of their economic costs to society.

This striking paradox explains that while much of these real estate policies were intended as ad-hoc measures by previous autocratic governments to eliminate political opposition in the policy process they have today become the key policies in sub-Saharan Africa. Many of these policies have been granted constitutional backing in the democratic era and large state bureaucracies have been established to enforce them. In Ghana for instance, the Office of the Administrator of Stool Lands and the Lands Commission with average compounded budget of US$ 2,737,600.00 and US$2,262,280.00 respectively per annum, which is growing at an annual rate of 27 percent and 13 percent respectively per annum, exist essentially to enforce such policies in all the ten regions of the country. All the nine succeeding governments after Nkrumah, Ghana's first postcolonial prime minister, have adopted and continued with these policies even though some of these governments are self confessed capitalist's democratic regimes committed to the rule of law and the sanctity of private property rights.

One could understand the reluctance of these governments to recall such policies from the way these policies distribute costs and benefits on particular segments of society. The vesting policy in Ghana for instance being a redistributive policy concentrates benefits on the few who benefit from the allocation of this land while concentrating costs on the affected stools, through significant reduction of their property rights and a 77.7 percent loss of revenue. Even so, though the expropriation policy under the State Lands Act did not specifically exempt the state from compensation payments, the requirement for compensation payment under the law has been so spuriously contrived to make acquisition without compensation legally possible. Apart from the lack of interest payments on delayed compensation payments which is a serious problem in a country where inflation is endemic, it has been possible for government to particularly place

embargo on compensation payment altogether since 1973 (Larbi, 1995). Thus while all expropriation under the colonial administration were paid for, there is an estimated unpaid compensation figure of at least 800 billion Cedis as at 2001 (Kasanga, 2001). All these have been possible both under liberal and monopolised policy processes. What has remained constant in both policy processes are the considerable transaction costs.

10.3.2 The Quantitative Measuring Framework

Chapter 5 finds that existing traditional methods for evaluating economic impacts of real estate policies are formulated based on assumptions that are applicable largely in the western world. Most of these assumptions regarding, in particular, data availability and quality together with the mode of operation and conventional practices within the policy environment in sub-Saharan Africa are not applicable in sub-Saharan Africa at least in the form presumed. Thus these methods require appropriate modifications to make them applicable to the sub-Saharan African context. This necessitated the formulation of a bespoke and portable quantitative framework for measuring the economic impacts of real estate policies in sub-Saharan Africa based on the modification and hybridisation of existing methods of impacts evaluation. This framework is largely portable across sub-Saharan African countries with some minor modifications to suit local conditions.

10.3.3 The Quantitative Dimensions of Social Costs of Real Estate Policies

To date, the literature is devoid of quantitative evidence of the social costs of sub-Saharan Africa real estate policies. Studies that have sought to appraise the quantitative dimensions of the costs of real estate policies in sub-Saharan Africa and the developing world have concentrated either exclusively on the out of pocket or direct costs of these policies borne by market dealers (DeSoto, 2000) or the costs of administering these policies borne by government (Toulmin and Quan, 2000; World Bank, 2003). The fundamental findings of Chapter 8 are that out of pocket costs and costs of administration of policies constitute only fragments of the real costs of real estate policies to society. In addition to these fragments, an important element of the economic costs of these policies is the welfare costs of the

distortions associated with real estate policies that are missing in current assessments of sub-Saharan Africa real estate policy costs.

Chapter 8 finds further that, in the study area, other fragments of costs such as travel costs, waiting time, travel time as well as gratuity and expediting payments though very important are often missing in studies investigating the costs of these real estate policies. A fuller appreciation of the costs of these policies is thus provided by focusing on their social costs, which incorporates all these, as well as the traditional costs. Thus by focusing on the social costs as opposed to the out of pocket costs this thesis is able to provide more comprehensive evidence and indications of the real costs that these policies are reproducing in African societies.

A fundamental finding of Chapter 8 is that all the categories of real estate policies in sub-Saharan Africa are producing social costs or deadweight losses on society. The scale of the social costs produced by particular real estate policies in sub-Saharan Africa is dependent on the distributive or regulative attributes of the policy under consideration. The typical social costs redistributive real estate policies per average residential building plot in sub-Saharan Africa is about ¢62.40 million whiles that of regulative policies is ¢49.40 million. Distributive policies produce the least social costs of ¢33.00 million per average residential building plot. This discovery questions the general applicability of the conventional neoclassical and welfare economic thinking that suggests that government interventions are needed whenever market failures exist in real estate or other markets (see further chapter 3). It also contradicts even the more contemporary Transaction Costs theory (see Chapter 3) which also contends that government interventions are needed when transaction costs under the price system are exorbitant and government interventions can reduce these costs significantly better than the price system. The basis for this conventional proposition is that both market failure and exorbitant transaction costs produce social costs which harm societal wellbeing. So, by introducing government interventions into such markets these social costs can be gotten rid of.

Contrary to this position, the prime insight from this finding is that neither the very existence of market failure nor exorbitant transaction costs as such offer good grounds for immediate government interventions. This is because in the bid to

remove the pre-existing social costs induced by market failures and transaction costs, government interventions also invariably produce their own social costs. Thus if the social costs brought about by government interventions equals or even exceeds the social costs of the market failure that it is intended to remove, society will be left worse off. It is only when the social costs of the government intervention is considerably lower than the social costs of the market interventions that some gains could be achieved from government intervention. This suggests also that until the magnitude of the social costs of the market failure considerably exceed the potential maximum social costs of the intended interventions to make the above condition hold, though market failure may be apparent, the intervention will not be economically worthwhile.

Put practically, in Ghana as in sub-Saharan Africa, the mere existence of real estate market failure should not justify government interventions unless the social costs associated with the market failure which call for regulative policy intervention at least exceed ¢49,500,000.00 (i.e. US$5,320.00 or £2,600.00) per normal residential building plot to be justified. So also should the magnitude of the social costs of market failures that require redistributive policy interventions must exceed ¢62,433.00 (i.e. US$6,800.00 or £3,600.00) per plot to be worthwhile. In the same way the social costs of market failures that require distributive policy interventions that must exceed ¢32,900,000.00 (i.e. US$3,573 or £1880) per plot to justify such policies. If this criterion is not met, government interventions will, contrary to theoretical expectations, be amplifying the overall social costs on society, the damaging effect.

10.3.4 The Benefits Dimensions of the Policies

Chapter 8 found also that all variants of real estate policies in sub-Saharan Africa offer some benefits though at varying degrees. The scale of benefits produced by real estate policies in Ghana, as likely to be for sub-Saharan Africa, is however dependent on the regulative, distributive or redistributive attributes of the policy. Barring inequities and injustices in land allocations, the study found that distributive policies generate by far the most substantial benefits (¢383,000,000.00). This is followed by redistributive policies (85,000,000.00 i.e. about 22 percent of that of distributive policies). Regulative policies in all its forms generate very

modest benefits (¢10,320,000.00 i.e. just about 3 percent of that of distributive policies). Prior to this study, according to Kasanga (2002) for instance the actual quantitative dimensions of the benefits of these policies were unknown. The chapter found also quite surprisingly that within regulative policy zone 2 (family land areas), contrary to classical theory of land title, no real benefits is offered by land title

10.3.5 The Economic Impacts Dimensions of the Policies

Chapter 8 found, on the basis of empirically observable evidence, that not all real estate policies in sub-Saharan Africa are generating clear positive economic impacts. Rather surprisingly Chapter 8's findings are that distributive real estate policies are producing by far the highest and clear positive economic impacts (¢350,000,000.00). This is inconsistent with the literature. The reason for this inconsistency appear to be because much of the claims of negative impacts of distributive policies have concentrated on the inequities (Kasanga, 2002) and rent seeking activities (Antwi, 2000) surrounding the allocation of government lands within these policy zones without due attention to their actual social costs and benefit trade offs.

On the contrary, all the variants of extant regulative policies are generating negative economic impacts of about ¢39.00 per typical residential building plot at 2005 prices. This negative impact of regulative policies appear to be the real reason why only about 8 percent of real estate transactions in Ghana have complied with these regulative policies. The real impacts of redistributive policies remain unclear or inconclusive as important data on costs of extra legal fees paid to secure formalisation was unavailable and could not be incorporated in the social costs computation. The availability of this data is likely to alter the reported social costs and impacts considerably.

10.3.6 The Costs of Running the Enforcement Bureaucracies

The literatures on bureaucracies are almost unanimous on the point that bureaucracies invariably accumulate irrelevant costs in the discharge of their duties. The literature contends that bureaucracies accumulate these costs mainly through the excessive expansion of their budgets and personnel rosters. This study

examines the evidence from the perspective of real estate policy delivery bureaucracies and found the assertion largely wanting in the Ghanaian context. Rather, Chapter 9 finds that both the budgets and personnel rosters of the bureaucracies in charge of real estate policy delivery in Ghana are not excessive by national standards. Though clear evidence of inbuilt irrelevant costs in their operations was found, these emanate largely from non-conventional sources. The prime sources of irrelevant costs discovered by this study are imbalances in their workforce profiles, resource misallocations inbuilt in their budgets and aimlessness and inattentiveness to changing technological environment of the world. These factors do not necessarily lead to increases in the budget sizes and personnel rosters of the organisations though prominent in creating waste.

Chapter 9 finds also that irrelevant cost rather than absolute transaction costs is a more important yardstick for evaluating the comparative efficiency of policy enforcement modalities. This is inconsistent with the thesis of transaction costs theory, which posits absolute transaction costs as the best yardstick for evaluating the efficiency of organisations.

10.4 RECOMMENDATIONS FOR PRACTICE

These conclusions have necessitated the following propositions for improvement in practice of policy formulation and analysis as well as recommendations for further studies.

10.4.1 The Overarching Policy Proposition

Given that the mere existence of market failure does not imply that the introduction of real estate policies will bring success, it is proposed that government decisions to adopt particular real estate policies – regulative, distributive, and redistributive or delivery- must be formed on the basis of the comparative scale of the pre-existing social costs and the socials costs of the intervention. Policies should be adopted only on occasions when the pre-existing social costs of market failure are more than the potential social costs of the prospective real estate intervention. This will ensure that the potential economic impacts of prospective real estate policies are well appreciated before they are implemented and will reduce the chances of introducing harmful policies that are

much difficult to revoke and hence continue to impose greater restrictions on the functioning of these markets.

For this to work, it will be important not to be lulled into false confidence that the current democratic and liberal political order offer the right setting for efficient policy formulation. As this study concludes, it is the level of transaction costs in the policy processes that determine the level of participation and hence efficiency of policies. Thus international development agencies seeking to improve policy formulation and analysis efforts must work towards lowering the transaction costs barriers in the policy processes in these countries. This is the most plausible way by which governments could be compelled to employ the above propositions in policy formulation.

10.4.2 The Regulative Policy Reform Proposal

Since regulative policies are reproducing substantial negative economic welfare consequences in Ghana coupled with the fact that only 8 percent of market dealers are complying with these policies, removing these policies altogether will offer better economic prospects. Nevertheless, this proposition would have to be replaced with a single regulative policy that is directed exclusively at compiling and supplying land information to free up the market and facilitate efficient real estate market transactions.

10.4.3 The Distributive Policy Reform Proposal

Though distributive real estate policies are producing considerable positive economic impacts, the reported instances of injustices and inequities in land allocation in the literature suggests that more could be obtained from this regime of policies if distributive equities and justices are built into the allocation of government lands. These inequities and injustices stem basically from the heavy government price subsidies on lands within these neighbourhoods. These subsidies promote competitive lobbying, bribery and rent seeking activities for those seeking allocations. In the process, the powerful, affluent and the influential price out the poor in the allocation process. The result is that the rich gets access to these lands at government-subsidized prices whiles the poor are left to buy their land needs on the open market. The way forward is to create a level playing field

for both the poor and the rich so that the poor are not cheated out of these land allocations. This can be realized by leaving land allocation within this zone to be purely market price operated. This recommendation reinforces similar propositions by other researchers as Antwi (2000) and Kasanga (2002).

10.4.4 The Redistributive Policy Reform Proposal

At the moment government has not paid compensation for acquiring the lands in this policy zones. This is a major source of the social costs of this policy. Practically, over 70 percent of the area has been resold and fully developed by the dispossessed owners. This means that the purpose for which government acquired the area, i.e. the development of a sports village, cannot materialise. Thus denying these purchasers and developers official recognition of their rights appears to be suppressing benefits from this policy. It is practically impossible or even economically unwise for government to demolish all these developments, as the extant official policy stance seems to suggest. It will also be economically unwise for government to pay compensation in respect of lands that are already substantially developed by private actors. Thus to lower the social costs and increase the benefits from the real estate markets in this zone, it is proposed that ownership of the area should be handed back to the indigenous community who have already sold the area and entered into contractual agreements with the existing developers. This will mean a transformation of the area from a distributive zone to a regulative zone. The few government allocations in the area could be kept in the ownership of government and compensation in respect of which has to be immediately paid to reduce the size of the social costs.

10.4.5 The Reform of Policy Delivery Bureaucracies

Antwi (2000) recommends that all the government bureaucracies involved in policy administration should be removed for private organisations to be allowed to carry out the task of policy administration in the country. This study takes a different and opposing position on this issue. Antwi's position is based on the theoretical assumption that private firms are more efficient that public firms. But this position is not supported even by the theory. As Coase (1966, pp.442-5) contends,

> "I would not wish to imply that we fully understand the logic of pricing system or that special institutional arrangements are not necessary for its tolerable performance...I would not argue that there should be no government regulation... There is no industry, which is not in some way regulated".

Indeed there is evidence that government bureaucracies formed on good economic grounds are better placed to infuse trading confidence into otherwise problematic trading relations (see for example Goldberg, 1976 and Zucker, 1986). Williamson (1996, p.268) also notes in corroboration that provided the regulatory framework is appropriate, both the public bureaux and the customers "would be able to make investment in specialised assets on better terms than they would in the absence of such regulations".

As the study finds, the real source of inefficiency in bureaucracies are their inbuilt irrelevant and avoidable costs. The sources for these have been identified as imbalances in the personnel rosters, misallocation in budget and lack of attention to technological changes. It is recommended that these sources should be blocked by for instance urging government to lift the curb on employment imposed on these bureaucracies since the launch of the structural adjustment era some 20 years ago. Since the structural adjustment programme from which this curb evolved has lost its merit, there is no grounds for advocating for this curb any longer particularly when the analysis shows clearly that these agencies are severely under staffed at the top levels. Following the lifting of the curb the respective heads of the agencies should be given the full autonomy to decide their staff composition as well as powers to hire and fire excess or non performing staff.

Again strong budget analysis units would have to be set up in all the bureaucracies whose task will exclusively relate to budget preparation and detailed analysis including performance tracking and internal auditing. The bureaucracies should be given the full mandate over their budgets including the determination of salaries. There should be no government ceiling on the annual budgets of the bureaucracies. The logical limit on the budgets should be the bureaucracies previous year's earnings. However since the services offered by these agencies are highly subsidised by government it is unlikely that their

accounts for the preceding years will reflect the true state of their financial achievements for those years to adequately serve as a good basis for the subsequent year's budgets. To circumvent this position, an accounting system could be evolved in which government would credit the accounts of the agencies with the total amount subsidies granted in respect of their services for the year preceding the budget year. This will bring up their financial position to its true state to form the basis for their current year's budgets. This will automatically reveal the agencies that are none performing or those whose services lack effective demand and hence sufficient economic merits. In this case the market will automatically weed out the agencies that are malfunctioning or unneeded but are currently hiding behind the generosity of government to survive. This will also compel managers to stamp on malfeasance and rent seeking since the full costs of such malfeasance will now bear directly on their financial position and hence their very survival.

10.4.6 The Costs of Delays

Chapter 8 finds that the main ingredients of the social costs of real estate policies are the travelling costs and waiting times associated with following up on transactions. This means that the current highly centralised locations of the agencies are economically harmful to society. The simple but quite costly solution to this would be to set up satellite offices within the districts or localities to handle applications. This apart from reducing the costs of travel will also encourage market dealers to seek compliance, as the services are no longer remote from them. But the workability of this proposition has to be empirically established by comparing the costs of setting up these decentralised agencies with the reduction in the social costs that is likely to be achieved. To reduce the social costs associated with the need for applicants to make regular travels to the agencies to follow up on their documents, a postal submission system which is a much cheaper alternative could be considered as a means of cutting back on the associated social costs.

10.5 RECOMMENDATIONS FOR FURTHER STUDIES

The following recommendations for further studies arose from the research:

- Though safeguard measure were introduce to improve the external validity of the results of the study, the external validity will be stronger if this study is replicated in other urban areas of respective sub-Saharan Africa countries. It is thus proposed that the study is replicated in all sub-Saharan Africa countries for a holistic picture.
- Though most writers have chastised government as promoting inequities and injustices through distributive and redistributive real estate policies no quantitative estimates of the costs of these inequities and injustices has been provided. There is the need for studies to delve into the real social costs of these inequities and injustices so that a comparison can be made between these costs and the benefits estimated in this study.
- Indeed to ascertain whether the social costs brought about by government interventions are lower than pre-existing social costs, there is the need for a study into the formulation of a bespoke framework that will enable the measurement of pre-existing social costs and benefits under indigenous tenure system. This is vital particularly when the current trends in policy are to hand over controls of land allocation to indigenous tenure arrangements though no objective assessment of the social costs and benefits of the indigenous tenure system yet exist.

10.6 SUMMARY

This study has provided quantitative indications of the economic impacts of real estate policies in sub-Saharan Africa using Ghana as a case study country. This chapter outlines the major conclusions drawn from the study and provides recommendations for practice as well as for further studies.

Appendix 1: Time Series Nominal Budget for the Five Land Sector Agencies of Ghana15 (In Millions of Cedis)

Land Sector Agencies		Period		Total Personnel Emolument	Total Administrative Expenses	Total Service Expenses	Total Investment Expenses	Total Expenses
LC	Budget Year	2000	1	878.9	958.6	82	795	2,714.50
		2001	2	1,218.30	1,403.30	1,501.80	1,482.60	5,606.00
		2002	3	1,571.30	1,058.30	2,119.40	2,578.70	12,933.70
		2003	4	1,959.60	3,500.00	2,450.00	5,263.10	20,500.40
		2004	5	2,962.10	5,741.90	1,660.00	12,694.00	36,230.70
		2005	6	4,565.80	6,133.17	1,442.17	12,676.17	47,875.31
LTR	Budget Year	2000	1	723.3	230.6	277	2,220.00	28,268.21
		2001	2	400.9	477.7	154.6	1,229.20	5,713.30
		2002	3	619.2	707.3	245.4	279	4,113.30
		2003	4	749.2	1,000.00	300	200	4,100.10
		2004	5	472.5	800	439	800	4,760.70
		2005	6	592.5	2,000.00	2,400.00	3,200.00	10,704.00
LVB	Budget Year	2000	1	3,514.00	360.7	224.7	512	12,803.90
		2001	2	4,503.70	571.3	289.5	675.1	10,651.00
		2002	3	3,925.80	656.4	576.2	365.1	11,563.10
		2003	4	9,405.90	1,400.00	700	200	17,229.40
		2004	5	10,100.70	1,800.00	3,000.00	1,000.00	27,606.60
		2005	6	11,046.20	1,800.00	2,538.40	1,100.00	32,385.30
OASL	Budget Year	2000	1	175.6	604.4	261.2	54	17,579.80
		2001	2	210.2	670.9	229	121	2,326.30
		2002	3	483.8	824	208.9	108.3	2,856.10
		2003	4	737.8	1,770.00	150	200	4,482.80

[15] This data is extracted from MLF (1999; 2000; 2001; 2002; 2003; 2004& 2005)

		Period	Total Personnel Emolument	Total Administrative Expenses	Total Service Expenses	Total Investment Expenses	Total Expenses
	2004	5	840	2,000.00	17,200.00	21,200.00	44,097.80
	2005	6	15,586.20	5,431.00	89,488.00	60,826.00	212,571.20
SD Budget Year	2000	1	800.3	418.8	322	797.2	173,669.50
	2001	2	1,081.30	1,401.80	800.9	2,852.70	8,475.00
	2002	3	1,450.00	967.4	887.9	2,807.90	12,249.90
	2003	4	2,758.70	700	900	57	10,528.90
	2004	5	2,392.40	1,999.80	1,500.00	4,088.00	14,395.90
	2005	6	2,863.00	2,531.20	1,949.40	4,689.40	22,013.20

Appendix 2: Dollar Equivalent of Discounted Time Series Budget Data

Year	Agency	Personnel Expenses	Admin Expenses	Services Expenses	Investment Expenses	Total
2000	Lands Commission	$397,566.55	$433,618.50	$37,092.34	$359,614.76	$1,227,892.15
2001	Lands Commission	$414,355.38	$477,275.63	$510,776.42	$504,246.31	$1,906,653.74
2002	Lands Commission	$401,815.06	$270,629.97	$541,975.96	$659,428.81	$1,873,849.80
2003	Lands Commission	$376,775.70	$672,951.09	$471,065.76	$1,011,945.39	$2,532,737.94
2004	Lands Commission	$428,216.63	$830,079.02	$180,434.78	$1,835,110.87	$3,273,841.30
2005	Lands Commission	$496,282.61	$666,648.91	$217,934.78	$1,377,844.57	$2,758,710.87
2000	Land Title Registry	$327,181.58	$104,310.90	$125,299.73	$1,004,207.25	$1,560,999.46
2001	Land Title Registry	$136,349.89	$162,470.30	$52,580.93	$418,062.57	$769,463.69
2002	Land Title Registry	$158,342.70	$180,871.76	$62,754.03	$71,346.27	$473,314.76
2003	Land Title Registry	$144,049.99	$192,271.74	$57,681.52	$38,454.35	$432,457.60
2004	Land Title Registry	$68,307.07	$115,652.17	$47,717.39	$115,652.17	$347,328.80
2005	Land Title Registry	$64,402.17	$217,391.30	$156,757.61	$347,826.09	$786,377.17
2000	Land Valuation Board	$1,589,542.46	$163,161.06	$101,642.06	$231,600.95	$2,085,946.53
2001	Land Valuation Board	$1,531,751.06	$194,304.55	$98,461.69	$229,607.91	$2,054,125.21
2002	Land Valuation Board	$1,003,911.12	$167,855.54	$147,346.68	$93,363.89	$1,412,477.22
2003	Land Valuation Board	$1,808,488.75	$269,180.43	$134,590.22	$38,454.35	$2,250,713.75
2004	Land Valuation Board	$1,460,209.89	$260,217.39	$326,086.96	$144,565.22	$2,191,079.46
2005	Land Valuation Board	$1,200,673.91	$195,652.17	$260,869.57	$119,565.22	$1,776,760.87
2000	Administrator of Stool Lands	$79,431.89	$273,397.69	$118,152.67	$24,426.66	$495,408.91
2001	Administrator of Stool Lands	$71,491.01	$228,179.45	$77,885.07	$41,153.25	$418,708.78
2002	Administrator of Stool Lands	$123,718.02	$210,714.44	$53,420.20	$27,694.63	$415,547.30
2003	Administrator of Stool Lands	$141,858.09	$340,320.98	$28,840.76	$38,454.35	$549,474.18
2004	Administrator of Stool Lands	$121,434.78	$289,130.43	$1,869,565.22	$3,064,782.61	$5,344,913.04
2005	Administrator of Stool Lands	$1,694,152.17	$590,326.09	$275,913.04	$6,611,521.74	$9,171,913.04
2000	Survey Department	$362,012.19	$189,442.34	$145,655.29	$360,609.92	$1,057,719.73
2001	Survey Department	$367,760.38	$476,765.47	$272,393.68	$970,230.31	$2,087,149.84
2002	Survey Department	$370,796.05	$247,384.89	$227,055.04	$718,040.16	$1,563,276.14
2003	Survey Department	$530,420.05	$134,590.22	$173,044.57	$10,959.49	$849,014.32
2004	Survey Department	$345,857.83	$289,101.52	$163,043.48	$590,982.61	$1,388,985.43
2005	Survey Department	$311,195.65	$275,130.43	$9,726,956.52	$509,717.39	$10,823,000.00
						$63,879,841.05

APPENDIX 3: Scheffe Multiple Comparisons of Budget Data

Dependent Variable	(I) AGENCY	(J) AGENCY	Mean Difference (I-J)	Std. Error	Sig.
PE EXPENSES	Lands Commission	Land Title Registry	$269,396.42256	$186,148.16094	.719
		Land Valuation Board	-$1,013,260.87953(*)	$186,148.16094	.000
		Administrator of Stool Lands	$47,154.32701	$186,148.16094	.999
		Survey Department	$37,828.29749	$186,148.16094	1.000
	Land Title Registry	Lands Commission	-$269,396.42256	$186,148.16094	.719
		Land Valuation Board	-$1,282,657.30209(*)	$186,148.16094	.000
		Administrator of Stool Lands	-$222,242.09555	$186,148.16094	.837
		Survey Department	-$231,568.12507	$186,148.16094	.816
	Land Valuation Board	Lands Commission	$1,013,260.87953(*)	$186,148.16094	.000
		Land Title Registry	$1,282,657.30209(*)	$186,148.16094	.000
		Administrator of Stool Lands	$1,060,415.20654(*)	$186,148.16094	.000
		Survey Department	$1,051,089.17702(*)	$186,148.16094	.000
	Administrator of Stool Lands	Lands Commission	-$47,154.32701	$186,148.16094	.999
		Land Title Registry	$222,242.09555	$186,148.16094	.837
		Land Valuation Board	-$1,060,415.20654(*)	$186,148.16094	.000
		Survey Department	-$9,326.02952	$186,148.16094	1.000
	Survey Department	Lands Commission	-$37,828.29749	$186,148.16094	1.000
		Land Title Registry	$231,568.12507	$186,148.16094	.816
		Land Valuation Board	-$1,051,089.17702(*)	$186,148.16094	.000
		Administrator of Stool Lands	$9,326.02952	$186,148.16094	1.000
ADMIN EXPENSES	Lands Commission	Land Title Registry	$396,372.49278(*)	$72,045.76688	.000
		Land Valuation Board	$350,138.66387(*)	$72,045.76688	.002
		Administrator of Stool Lands	$236,522.34095	$72,045.76688	.054
		Survey Department	$289,798.04124(*)	$72,045.76688	.012
	Land Title Registry	Lands Commission	-$396,372.49278(*)	$72,045.76688	.000

Dependent Variable	(I) AGENCY	(J) AGENCY	Mean Difference (I-J)	Std. Error	Sig.
		Land Valuation Board	-$46,233.82892	$72,045.76688	.980
		Administrator of Stool Lands	-$159,850.15184	$72,045.76688	.323
		Survey Department	-$106,574.45154	$72,045.76688	.703
	Land Valuation Board	Lands Commission	-$350,138.66387(*)	$72,045.76688	.002
		Land Title Registry	$46,233.82892	$72,045.76688	.980
		Administrator of Stool Lands	-$113,616.32292	$72,045.76688	.651
		Survey Department	-$60,340.62263	$72,045.76688	.949
	Administrator of Stool Lands	Lands Commission	-$236,522.34095	$72,045.76688	.054
		Land Title Registry	$159,850.15184	$72,045.76688	.323
		Land Valuation Board	$113,616.32292	$72,045.76688	.651
		Survey Department	$53,275.70029	$72,045.76688	.967
	Survey Department	Lands Commission	-$289,798.04124(*)	$72,045.76688	.012
		Land Title Registry	$106,574.45154	$72,045.76688	.703
		Land Valuation Board	$60,340.62263	$72,045.76688	.949
		Administrator of Stool Lands	-$53,275.70029	$72,045.76688	.967
SERVICES EXPENSES	Lands Commission	Land Title Registry	$242,748.13825	$1,023,685.01204	1.000
		Land Valuation Board	$148,380.47920	$1,023,685.01204	1.000
		Administrator of Stool Lands	-$77,416.15393	$1,023,685.01204	1.000
		Survey Department	-$1,458,144.75512	$1,023,685.01204	.731
	Land Title Registry	Lands Commission	-$242,748.13825	$1,023,685.01204	1.000
		Land Valuation Board	-$94,367.65905	$1,023,685.01204	1.000
		Administrator of Stool Lands	-$320,164.29218	$1,023,685.01204	.999
		Survey Department	-$1,700,892.89337	$1,023,685.01204	.606
	Land Valuation Board	Lands Commission	-$148,380.47920	$1,023,685.01204	1.000
		Land Title Registry	$94,367.65905	$1,023,685.01204	1.000
		Administrator of Stool Lands	-$225,796.63313	$1,023,685.01204	1.000

Dependent Variable	(I) AGENCY	(J) AGENCY	Mean Difference (I-J)	Std. Error	Sig.
INVESTMENT EXPENSES	Administrator of Stool Lands	Survey Department	-$1,606,525.23431	$1,023,685.01204	.655
		Lands Commission	$77,416.15393	$1,023,685.01204	1.000
		Land Title Registry	$320,164.29218	$1,023,685.01204	.999
		Land Valuation Board	$225,796.63313	$1,023,685.01204	1.000
	Survey Department	Survey Department	-$1,380,728.60119	$1,023,685.01204	.768
		Lands Commission	$1,458,144.75512	$1,023,685.01204	.731
		Land Title Registry	$1,700,892.89337	$1,023,685.01204	.606
		Land Valuation Board	$1,606,525.23431	$1,023,685.01204	.655
	Lands Commission	Administrator of Stool Lands	$1,380,728.60119	$1,023,685.01204	.768
		Land Title Registry	$625,440.33354	$729,377.71247	.945
		Land Valuation Board	$815,172.19563	$729,377.71247	.867
		Administrator of Stool Lands	-$676,640.42160	$729,377.71247	.928
		Survey Department	$431,275.13833	$729,377.71247	.986
	Land Title Registry	Lands Commission	-$625,440.33354	$729,377.71247	.945
		Land Valuation Board	$189,731.86210	$729,377.71247	.999
		Administrator of Stool Lands	-$1,302,080.75514	$729,377.71247	.539
		Survey Department	-$194,165.19520	$729,377.71247	.999
	Land Valuation Board	Lands Commission	-$815,172.19563	$729,377.71247	.867
		Land Title Registry	-$189,731.86210	$729,377.71247	.999
		Administrator of Stool Lands	-$1,491,812.61724	$729,377.71247	.404
		Survey Department	-$383,897.05730	$729,377.71247	.991
	Administrator of Stool Lands	Lands Commission	$676,640.42160	$729,377.71247	.928
		Land Title Registry	$1,302,080.75514	$729,377.71247	.539
		Land Valuation Board	$1,491,812.61724	$729,377.71247	.404
		Survey Department	$1,107,915.55994	$729,377.71247	.682

Dependent Variable	(I) AGENCY	(J) AGENCY	Mean Difference (I-J)	Std. Error	Sig.
	Survey Department	Lands Commission	-$431,275.13833	$729,377.71247	.986
		Land Title Registry	$194,165.19520	$729,377.71247	.999
		Land Valuation Board	$383,897.05730	$729,377.71247	.991
		Administrator of Stool Lands	-$1,107,915.55994	$729,377.71247	.682

The mean difference is significant at the .05 level.

APPENDIX 4: Costing of Activities under the Concurrence Regulative Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of stool land contract document with Site Plan					
	1	Verifying if transaction falls within suspended area	0.16	785.71	5,920.00	6,705.71
	2	Assessment of application fee	0.13	2,083.33	4,810.00	6,893.33
	3	Receipt of fee from client	0.53	11,035.56	19,610.00	30,645.56
	4	Official Receipt of document for processing	0.32	3,142.85	11,840.00	14,982.85
	5	Examination of legal drafting of lease	0.18	23,683.19	6,660.00	30,343.19
	6	Booking and dispatching of document to CRO	0.16	607.14	5,920.00	6,527.14
		Sub-Total		41,337.78	54,760.00	96,097.78
2	Records examination				-	-
	7	Examination of Site Plan and records reporting (CRO)	0.5	21,660.71	18,500.00	40,160.71
	8	Booking and dispatching of document to GARRO	0.25	948.66	9,250.00	10,198.66
	9	Receipt of document at GARRO	0.08	392.86	2,960.00	3,352.86
	10	Records reporting (GARRO)	0.7	26,887.50	25,900.00	52,787.50
	11	Booking and dispatching document to Lands Officers	0.16	607.14	5,920.00	6,527.14
	12	Authorizing file to be opened for the case	0.08	5,142.86	2,960.00	8,102.86

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	13	Creation of case file	0.5	4,352.68	18,500.00	22,852.68
	14	Booking and dispatching document to Lands Officers	0.16	1,821.43	5,920.00	7,741.43
		Sub-Total		61,813.83	89,910.00	151,723.83
3	Verifying site conformity from TCPD				-	-
	15	Authorizing request for Land Use information from TCPD	0.05	3,214.29	1,850.00	5,064.29
	16	Completing land use information requests form	0.05	245.54	1,850.00	2,095.54
	17	Dispatching completed forms to TCPD for information	0.12	455.36	4,440.00	4,895.36
	18	Waiting time	10 days	-		-
	19	Receipt of land use information from TCPD	0.25	948.66	9,250.00	10,198.66
	20	Referring TCPD report to RLO	0.25	1,227.68	9,250.00	10,477.68
	21	RLO authorizing report to be placed on file	0.05	2,276.79	1,850.00	4,126.79
	22	Placement of TCPD report on subject file	0.33	1,252.23	12,210.00	13,462.23
	23	Referring file to Assistant/Lands officer	0.08	303.57	2,960.00	3,263.57
	24	Dispatching file to schedule officer	0.12	910.71	4,440.00	5,350.71
	25	Evaluation of stipulated rent	0.16	6,857.14	5,920.00	12,777.14
		Sub-Total		17,691.96	54,020.00	71,711.96
4	Preparation of Concurrence Certificate				-	-
	26	Referring file to legal department	0.05	1,071.43	1,850.00	2,921.43
	27	Booking file to legal section	0.16	607.14	5,920.00	6,527.14
	28	Solicitor instructing legal clerk to draft certificate	0.5	7,193.47	18,500.00	25,693.47
	29	Clerk drafting concurrence certificate	0.25	1,227.68	9,250.00	10,477.68
	30	Typing of draft concurrence certificate	0.75	4,100.00	27,750.00	31,850.00
	31	Referring typed certificate to solicitor for examination	1	4,910.70	37,000.00	41,910.70
	32	Referring typed certificate to RLO if approved	0.1	7,126.98	3,700.00	10,826.98
	33	Receipt of file by RLO secretariat	0.16	785.71	5,920.00	6,705.71

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		Sub-Total		27,023.11	109,890.00	136,913.11
5	Endorsement of concurrence certificate				-	-
	34	RLO referring file to Regional Chairman for signature	0.5	22,767.86	18,500.00	41,267.86
	35	Regional Chairman signing concurrence certificate	0.33	17,678.57	12,210.00	29,888.57
	36	Official stamp is placed on concurrence certificate	0.5	2,455.36	18,500.00	20,955.36
	37	File is referred to CRO for embossment	0.5	2,455.36	18,500.00	20,955.36
	38	Concurrence certificate is embossed with official seal	0.33	1,252.23	12,210.00	13,462.23
		Sub-Total		46,609.37	79,920.00	126,529.37
6	Recording of transaction				-	-
	39	Allocating Land Serial Number to transaction	0.33	1,620.53	12,210.00	13,830.53
	40	Noting (plotting) of transaction on master map	0.65	3,191.96	24,050.00	27,241.96
	41	Filing a copy of the transaction in a paper folder	0.33	1,620.53	12,210.00	13,830.53
	42	Notifying applicant to pay first year's rent	0.33	1,620.53	12,210.00	13,830.53
		Sub-Total		8,053.56	60,680.00	68,733.56
7	Payment of year's rent				-	-
	43	Receipt of rent payment from applicant	0.25	1,227.68	9,250.00	10,477.68
	44	Recording payments in rent ledger of OASL	0.18	883.93	6,660.00	7,543.93
		Sub-Total		2,111.61	15,910.00	18,021.61
8	Dispatch of concurrence certificate				-	-
	45	Referring file to stool lands files room	0.33	2,872.77	12,210.00	15,082.77
	46	Invitation of applicant to collect certified document	1	17,716.06	37,000.00	54,716.06
		Sub-Total		20,588.83	49,210.00	69,798.83
9	Dispatch of concurrence certificate				-	-
	47	Entering of file details into the dispatch ledger	0.03	113.84	1,110.00	1,223.84
	48	Applicant signing to collect certified document	0.03	113.84	1,110.00	1,223.84
	49	Placement of file in appropriate cabinet or shelf	0.16	607.14	5,920.00	6,527.14

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		Sub-Total		834.82	8,140.00	8,974.82
Grand Total				226,064.86	522,440.00	748,504.86

Source: Field Survey

APPENDIX 5: Costing of Activities under the Stool Consent Regulative Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of application plus draft lease					
	1	**Receipt of application plus draft lease**	0.25	1,227.68	9,250.00	10,477.68
	2	**Application referred to RLO**	0.16	785.71	5,920.00	6,705.71
	3	**RLO direct that application is placed on file**	0.08	3,642.86	2,960.00	6,602.86
	4	**Application is placed on file and returned to RLO**	0.5	1,897.32	18,500.00	20,397.32
		Sub-Total		7,553.57	36,630.00	44,183.57
2	Records examination				-	-
	5	**RLO calls for root of title information**	0.69	31,419.64	25,530.00	56,949.64
	6	**CRO verifies root of title**	0.28	25,940.17	10,360.00	36,300.17
		Sub-Total		57,359.81	35,890.00	93,249.81
3	If layout not available check site conformity from TCPD				-	-
	7	**Direction for land use information to be obtained from TCPD**	0.3	10,714.29	11,100.00	21,814.29
	8	**Complete land use information requests form**	0.32	1,555.06	11,840.00	13,395.06
	9	**Dispatch completed forms to TCPD for information**	0.12	442.71	4,440.00	4,882.71
	10	**Site plan examined at TCPD against layout and report provided**	0.33	1,636.90	12,210.00	13,846.90
	11	**Type land use information**	0.32	1,298.33	11,840.00	13,138.33
	12	**Waiting time**	10 days	0.00		-
		Sub-Total		15,647.29	51,430.00	67,077.29

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
4	Receive land use information report from TCPD					-
	13	**Receipt of land use report**	0.25	948.66	9,250.00	10,198.66
	13	**Refer TCPD report to RLO**	0.25	1,227.68	9,250.00	10,477.68
	14	**RLO directs for report to be placed on appropriate file**	0.08	3,794.64	2,960.00	6,754.64
	15	**TCPD report placed on subject file**	0.33	1,264.88	12,210.00	13,474.88
	16	**File referred to Assistant/Lands officer**	0.16	632.44	5,920.00	6,552.44
		Sub-Total		7,868.30	39,590.00	47,458.30
5	Preparation of Consent Certificate				-	-
	17	**Assessment of economic rent**	0.08	1,714.29	2,960.00	4,674.29
	18	**Forwarding file to legal department for the preparation of consent certificate**	0.16	3,571.43	5,920.00	9,491.43
	19	**Solicitor instructing legal clerk to draft certificate**	0.5	6,754.89	18,500.00	25,254.89
	20	**Clerk drafting consent certificate**	0.25	1,227.68	9,250.00	10,477.68
	21	**Typing of draft consent certificate**	0.75	4,100.00	27,750.00	31,850.00
	22	**Forwarding of typed certificate to solicitor for examination**	1	4,910.70	37,000.00	41,910.70
	23	**Forwarding of typed certificate together with file to RLO if approved**	0.1	7,427.11	3,700.00	11,127.11
		Sub-Total		29,706.08	105,080.00	134,786.08
6	Endorsement of consent certificate				-	-
	24	**File received by RLO secretariat and referred to RLO**	0.33	1,636.90	12,210.00	13,846.90
	25	**RLO refers file to Regional Chairman for signature**	0.5	22,767.86	18,500.00	41,267.86
	26	**Regional Chairman signs consent certificate**	0.33	17,678.57	12,210.00	29,888.57
	27	**Official stamp is placed on concurrence certificate**	0.5	2,455.36	18,500.00	20,955.36
	28	**Forwarding of file to CRO for embossment of consent certificate with seal**	0.5	2,455.36	18,500.00	20,955.36
	29	**Embossment of consent certificate**	0.33	1,264.88	12,210.00	13,474.88
		Sub-Total		48,258.92	92,130.00	140,388.92

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	Recording of transaction					
		31 Filing copy of the transaction in a paper folder	0.33	1,636.90	12,210.00	13,846.90
		Sub-Total		1,636.90	12,210.00	13,846.90
7	Payment of consent fee				-	-
		32 Notification of applicant to pay consent fee	0.33	4,268.45	12,210.00	16,478.45
		33 Receipt of consent fee from applicant	0.33	2,872.77	12,210.00	15,082.77
		Sub-Total		7,141.22	24,420.00	31,561.22
	Dispatching of consent certificate					
		35 Forwarding file to stool lands file room	0.25	1,227.68	9,250.00	10,477.68
		36 Invitation of applicant to pick up completed document	1	4,910.71	37,000.00	41,910.71
		37 File details are entered into the dispatch ledger	0.16	632.44	5,920.00	6,552.44
		38 Applicant signs to indicate receipt of certificate	0.16	632.44	5,920.00	6,552.44
		39 File is placed in appropriate shelf	0.16	632.44	5,920.00	6,552.44
		Sub-Total		8,035.71	64,010.00	72,045.71
8	Grand Total			183,207.80	461,390.00	644,597.80

Source: Field Survey

APPENDIX 6: Costing of Activities under the Plotting Regulative Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of document with Site Plan				-	
		1 Verifying if transaction falls within suspended area	0.16	785.71	5,920.00	6,705.71
		2 Assess application fee	0.25	5,084.82	9,250.00	14,334.82
		3 Receive fee from client	0.53	11,035.56	19,610.00	30,645.56

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	4	Officially receive and allocate number to document	0.32	3,142.85	11,840.00	14,982.85
	5	Examine legal drafting of lease	0.18	23,683.19	6,660.00	30,343.19
	6	Book and dispatch file to CRO	0.25	948.66	53,280.00	54,228.66
		Sub-Total		44,680.79	106,560.00	151,240.79
2	Records examination				-	-
	7	Examination of Site Plan and records reporting (CRO)	0.28	25,634.99	10,360.00	35,994.994
	8	Book and dispatch file to GARRO	0.25	948.66	9,250.00	10,198.660
	9	Receipt of file at GARRO	0.08	392.86	2,960.00	3,352.857
	10	Examine and report records information on site (GARRO)	0.69	36,668.56	25,530.00	62,198.560
	11	Book and dispatch file to Lands Officers	0.10	379.46	3,700.00	4,079.464
		Sub-Total		64,024.53	51,800.00	115,824.53
3	Plotting of transaction				-	-
	12	Lands Officer examines report and authorizes plotting of document	0.100	6,428.571	3,700.00	10,128.571
	13	Forwarding file to GARRO for plotting	0.250	948.660	9,250.00	10,198.660
	14	Receiving document at GARRO for plotting	0.250	1,227.678	9,250.00	10,477.678
	15	Plotting of Document	0.650	3,191.962	24,050.00	27,241.962
	16	Plotted transactions dispatched to collection point	0.25	1,227.68	9,250.00	10,477.68
	17	Applicant invited to collect document	1	17,716.06	37,000.00	54,716.06
	18	Document released to applicant	0.03	113.84	1,110.00	1,223.84
		Sub-Total		30,854.45	93,610.00	124,464.45
	Grand Total			139,559.77	251,970.00	391,529.77

APPENDIX 7: Costing of State Land Allocation Activities under the Public Land Distributive Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of application				-	
	1	Receipt of application	0.08	392.86	2,960.00	3,352.86
	2	Application forwarding to ES confidential registry	0.25	1,227.68	9,250.00	10,477.68
	3	Receipt of applications at ES confidential registry	0.08	409.23	2,960.00	3,369.23
	4	Referring application to ES	0.08	409.23	2,960.00	3,369.23
		Sub-Total		2,438.99	18,130.00	20,568.99
2	Obtaining Records Information				-	-
	5	ES requesting records information on site	0.08	4,050.82	2,960.00	7,010.82
	6	Forwarding application to Central records office	0.25	1,227.68	9,250.00	10,477.68
	7	Receiving application at Central Records Office	0.08	303.57	2,960.00	3,263.57
	8	Reporting on availability of land	0.28	1,375.00	10,360.00	11,735.00
	9	Forwarding CRO report to Files room	0.16	785.71	5,920.00	6,705.71
	10	Charging file to ES confidential registry	0.16	785.71	5,920.00	6,705.71
	11	Receiving and forwarding file to ES	0.16	785.71	5,920.00	6,705.71
		Sub-Total		9,314.20	43,290.00	52,604.20
3	Deciding the terms of the allocation				-	-
	12	ES proposing land for allocation and listing on agenda	0.25	12,658.80	9,250.00	21,908.80
	13	Forwarding file to schedule officer for listing on agenda	0.16	785.71	5,920.00	6,705.71
	14	Listing case on agenda for LC meeting	0.33	11,055.00	12,210.00	23,265.00
	15	Forwarding case to LC meeting	0.08	303.57	2,960.00	3,263.57
	16	LC deliberation and approval	0.16	768,000.00	5,920.00	773,920.00

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	17	**Preparation of Extracts from minutes**	1.00	33,500.00	37,000.00	70,500.00
	18	**Forwarding extracts to ES for direction**	0.33	1,252.23	12,210.00	13,462.23
		Sub-Total		827,555.32	85,470.00	913,025.32
4	Preparation and dispatching allocation letter				-	-
	19	**ES drafting and instructing the typing of allocation letter**	0.33	16,709.62	12,210.00	28,919.62
	20	**Typing of allocation letter**	0.50	2,050.00	18,500.00	20,550.00
	21	**ES studies and signs allocation letter**	0.25	12,658.80	9,250.00	21,908.80
	22	**Dispatching allocation letter**	0.33	2,872.77	12,210.00	15,082.77
		Sub-Total		34,291.18	52,170.00	86,461.18
5	Opening of file for the case				-	-
	23	**Forwarding case to files room for file to be open**	0.08	303.57	2,960.00	3,263.57
	24	**Opening of file for the subject case**	0.33	1,620.53	12,210.00	13,830.53
	25	**Forwarding file to schedule officer**	0.08	392.86	2,960.00	3,352.86
		Sub-Total		2,316.96	18,130.00	20,446.96
6	Payment of Development charges				-	-
	26	**Inviting applicant to pay development charges**	0.33	11,055.00	12,210.00	23,265.00
	27	**Forward file to accounts section for payment**	0.08	303.57	2,960.00	3,263.57
	28	**Receipt of development fee from applicant**	0.53	2,602.68	19,610.00	22,212.68
	29	**Returning file to schedule officer**	0.08	303.57	2,960.00	3,263.57
	30	**Forwarding file to ES for preparation of 'right of entry'**	0.08	303.57	2,960.00	3,263.57
		Sub-Total		14,568.39	40,700.00	55,268.39
7	Preparation of 'right of entry'				-	-
	31	**Executive Secretary directing the typing of right of entry**	0.16	8,101.63	5,920.00	14,021.63
	32	**Typing of right entry**	0.50	2,050.00	18,500.00	20,550.00

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		33	ES signing right of entry	0.16	8,101.63	5,920.00	14,021.63
		34	Forwarding file to schedule officer	0.08	303.57	2,960.00	3,263.57
		35	Lands Officer request preparation of site plans (LD Plans)	0.08	2,680.00	2,960.00	5,640.00
		36	Forwarding file to drawing office for plans	0.50	1,897.32	18,500.00	20,397.32
		37	Preparation of LD plans	1.50	13,392.86	55,500.00	68,892.86
		38	Forwarding prepared LD plans to print office	0.16	1,428.57	5,920.00	7,348.57
		39	Printing of LD plans	0.50	2,455.36	18,500.00	20,955.36
		40	Forwarding LD plans to Lands Officer	0.16	607.14	5,920.00	6,527.14
		41	Lands Officer issues right of entry	0.16	5,360.00	5,920.00	11,280.00
		42	Right of entry dispatching to applicant	0.25	948.66	9,250.00	10,198.66
		43	File forwarding to schedule officer	0.16	607.14	5,920.00	6,527.14
			Sub-Total		47,933.88	161,690.00	209,623.88
8	Demarcating site					-	-
		44	Authorizing site demarcation	0.16	5,360.00	5,920.00	11,280.00
		45	File referral to Estate Officer	0.16	5,360.00	5,920.00	11,280.00
		46	Scheduling site inspection with applicant	0.25	4,017.86	9,250.00	13,267.86
		47	Site demarcation	4.00	64,285.72	148,000.00	212,285.72
		48	Lessee's first official visit to site	2.00	32,142.86	74,000.00	106,142.86
		49	File referral to Regional Lands officer (RLO)	0.08	1,285.71	2,960.00	4,245.71
		50	File forwarding to Regional Lands Officer	0.33	1,252.23	12,210.00	13,462.23
			Sub-Total		113,704.38	258,260.00	371,964.38
9	Assessment of Rent and issuance of offer letter					-	-
		51	File referral to Lands Officer for rent assessment	0.08	3,642.86	2,960.00	6,602.86
		52	File forwarding to schedule Lands Officer	0.25	948.66	9,250.00	10,198.66

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	53	**Assessment of annual rent payable**	0.08	1,714.29	2,960.00	4,674.29
	54	**Lands Officer completing Offer/Acceptance letters**	0.16	3,428.57	5,920.00	9,348.57
	55	**Forwarding offer and acceptance letters for dispatch**	0.25	948.66	9,250.00	10,198.66
	56	**Dispatching offer and acceptance forms**	0.25	1,227.68	9,250.00	10,477.68
	57	**Receipt of acceptance from applicant**	0.08	392.86	2,960.00	3,352.86
	58	**Forwarding acceptance to Regional Lands Officer**	0.16	785.71	5,920.00	6,705.71
	59	**Referring file to Schedule officer**	0.08	3,642.86	2,960.00	6,602.86
	60	**Forwarding file to schedule officer**	0.25	1,227.68	9,250.00	10,477.68
		Sub-Total		17,959.82	60,680.00	78,639.82
10	Preparation of lease				-	-
	61	**File referral to legal section for lease preparation**	0.08	303.57	2,960.00	3,263.57
	62	**File forwarding to legal section**	0.25	1,227.68	9,250.00	10,477.68
	63	**Solicitor instructing clerk to draft lease**	0.25	10,083.31	9,250.00	19,333.31
	64	**Drafting of lease**	0.33	1,620.53	12,210.00	13,830.53
	65	**Forwarding draft lease to typist**	0.08	303.57	2,960.00	3,263.57
	66	**Typing of lease**	2.00	8,200.00	74,000.00	82,200.00
	67	**Forwarding typed lease to legal clerk**	0.08	303.57	2,960.00	3,263.57
	68	**Legal clerk's examinations of typed lease**	0.50	2,455.35	18,500.00	20,955.35
	69	**Forwarding typed lease to solicitor**	0.08	303.57	2,960.00	3,263.57
	70	**Solicitor's examination of lease**	0.50	22,810.00	18,500.00	41,310.00
		Sub-Total		47,611.16	153,550.00	201,161.16
11	Signing of lease				-	-
	71	**Instructing clerk to invite applicant for signing of lease**	0.08	3,649.60	2,960.00	6,609.60
	72	**File forwarding to clerk for invitation**	0.08	303.57	2,960.00	3,263.57
	73	**Invitation letter drafting**	0.33	1,620.53	12,210.00	13,830.53

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	74	**Forwarding draft letter to typists**	0.08	303.57	2,960.00	3,263.57
	75	**Typing of invitation letter**	0.33	1,353.00	12,210.00	13,563.00
	76	**Forwarding invitation letter to clerk**	0.08	303.57	2,960.00	3,263.57
	77	**Checking and Signing of invitation letter**	0.80	3,928.56	29,600.00	33,528.56
	78	**Forwarding letter to dispatch unit for dispatch**	0.08	303.57	2,960.00	3,263.57
	79	**Invitation letter dispatch**	0.50	2,455.36	18,500.00	20,955.36
	80	**Signing of lease by applicant**	0.50	2,455.35	18,500.00	20,955.35
	81	**Forwarding signed lease to solicitor**	0.08	303.57	2,960.00	3,263.57
	82	**Solicitor referring signed lease to RLO**	0.25	11,405.00	9,250.00	20,655.00
	83	**Forwarding of signed lease to RLO**	0.25	948.66	9,250.00	10,198.66
	84	**RLO examining signed lease**	0.33	15,026.78	12,210.00	27,236.78
	85	**RLO recommending lease to ES**	0.08	3,642.86	2,960.00	6,602.86
	86	**File forwarding to ES**	0.50	2,455.36	18,500.00	20,955.36
	87	**ES recommends lease to Chairman for signature**	0.50	25,317.60	18,500.00	43,817.60
	88	**Forwarding file to Chairman**	0.33	1,252.23	12,210.00	13,462.23
	89	**Chairman signing lease**	0.50	26,785.72	18,500.00	45,285.72
	90	**Forwarding signed lease for Chairman's name stamping**	0.08	303.57	2,960.00	3,263.57
	91	**Stamping of lease**	0.16	785.71	5,920.00	6,705.71
	92	**Forwarding lease to Estate officer for deposing**	0.08	303.57	2,960.00	3,263.57
	93	**Estate officer deposing to transaction**	0.33	5,303.57	12,210.00	17,513.57
	94	**Forwarding lease to solicitor for 'oath of Proof'**	0.25	948.66	9,250.00	10,198.66
	95	**Solicitor signs oath of proof**	0.16	7,299.20	5,920.00	13,219.20
		Sub-Total		118,758.74	249,380.00	368,138.74
12	Recording of transaction				-	-

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
96		Forwarding lease to CRO for embossment and filing	0.25	948.66	9,250.00	10,198.66
97		Embossment of lease	0.16	607.14	5,920.00	6,527.14
98		Allocation of Land Serial Number (LS No.)	0.16	785.71	5,920.00	6,705.71
99		Transaction plotted on official maps and details filed	0.33	1,620.53	12,210.00	13,830.53
100		File forwarding to Registry	0.16	607.14	5,920.00	6,527.14
101		Drafting notification of fees and lease completion letter	0.16	785.71	5,920.00	6,705.71
102		Typing of letter	0.25	1,025.00	9,250.00	10,275.00
103		Signing and forwarding letter to dispatch unit	0.33	1,620.53	12,210.00	13,830.53
104		Receipt of lease preparation fees from applicant	0.16	785.71	5,920.00	6,705.71
105		Applicant issued with two copies of lease document	0.16	785.71	5,920.00	6,705.71
106		File put away	0.08	392.86	2,960.00	3,352.86
		Sub-Total		9,964.72	81,400.00	91,364.72
		Grand Total		1,246,417.74	1,222,850.00	2,469,267.74

Source: Field Survey

APPENDIX 8: Costing of State Land Consent Activities under the Public Land Distributive Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of Application					
1		Receipt of application plus draft lease	0.08	392.86	31.43	424.29
2		Forwarding application to ES confidential registry	0.25	1,227.68	306.92	1,534.60
3		Receipt of applications at ES confidential registry	0.08	392.86	31.43	424.29
4		Application referred to Executive Secretary (ES)	0.08	392.86	31.43	424.29
5		Executive Secretary directing application to be	0.50	25,317.60	12,658.80	37,976.40

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
			placed on file				
		6	Placement of application on file to ES	0.25	948.66	237.17	1,185.83
		7	Referring application to Regional Lands Officer	0.16	8,101.63	1,296.26	9,397.89
		8	Forwarding file to Regional Lands Officer	0.08	303.57	24.29	327.86
		9	Receiving file on behalf of Regional Lands Officer	0.08	392.86	31.43	424.29
			Sub-Total		37,470.57	14,649.15	52,119.71
2	Records examination						
		10	RLO calls for root of title information	0.69	31,116.07	21,470.09	52,586.16
		11	Forwarding file to CRO	0.08	303.57	24.29	327.86
		12	CRO verifies root of title	0.28	25,940.17	7,263.25	33,203.42
		13	Returning file to RLO	0.25	948.66	237.17	1,185.83
		14	Forwarding file to schedule officer	0.16	7,285.71	1,165.71	8,451.43
		15	Forwarding file to rent section for rent position	0.16	3,428.57	548.57	3,977.14
		16	Checking for rent arrears	0.25	5,640.75	1,410.19	7,050.94
		17	Returning file back to Lands Officer with rent information	0.25	948.66	237.17	1,185.83
		18	Inform applicant if rents arrears are to be paid	1.00	22,563.00	22,563.00	45,126.00
		19	Receiving rent arrears payment from applicant	0.32	1,571.43	502.86	2,074.28
			Sub-Total		99,746.59	55,422.28	155,168.88
3	Site Inspection						
		20	Scheduling site inspection with applicant	0.25	4,017.86	1,004.46	5,022.32
		21	Inspecting site to check stage of development	4.00	128,571.44	514,285.76	642,857.20
		22	Preparation of inspection report	1.00	32,142.86	32,142.86	64,285.72
		23	Forwarding inspection report to Lands Officer	0.25	948.66	237.17	1,185.83
			Sub-Total		165,680.82	547,670.25	713,351.07

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
4	Preparation of Consent Certificate					
	24	Assessment of economic rent	0.16	-	-	-
	25	Forwarding file to legal department for consent preparation	0.16	3,571.43	571.43	4,142.86
	26	Solicitor instructing legal clerk to draft certificate	0.50	6,754.89	3,377.44	10,132.33
	27	Clerk drafting consent certificate	0.25	1,227.68	306.92	1,534.59
	28	Typing of draft consent certificate	0.75	4,100.00	3,075.00	7,175.00
	29	Forwarding of typed certificate to solicitor for examination	1.00	4,910.70	4,910.70	9,821.40
	30	Forwarding of typed certificate to RLO if approved	0.10	7,427.11	742.71	8,169.82
		Sub-Total		27,991.80	12,984.20	40,976.00
5	Endorsement of consent certificate					
	31	File received by RLO secretariat and referred to RLO	0.33	1,636.90	540.18	2,177.08
	32	RLO refers file to Executive Secretary for signature	0.50	22,767.86	11,383.93	34,151.78
	33	Forwarding file to Executive Secretaries unit	0.25	948.66	237.17	1,185.83
	34	Receiving file for Executive Secretary	0.16	607.14	97.14	704.29
	35	Forwarding file to Executive Secretary	0.08	303.57	24.29	327.86
	36	Recommending certificate to National Chairman	0.50	25,317.60	12,658.80	37,976.40
	37	National Chairman signs consent certificate	1.00	53,571.43	53,571.43	107,142.86
	38	Official stamp is placed on consent certificate	0.50	2,455.36	1,227.68	3,683.03
	39	Forwarding of file to CRO for embossment	0.50	2,455.36	1,227.68	3,683.03
	40	Embossment of consent certificate	0.33	1,264.88	417.41	1,682.29
	42	Filing copy of the transaction in a paper folder	0.33	1,636.90	540.18	2,177.08
		Sub-Total		112,965.66	81,925.87	194,891.53
6	Payment of consent fee					

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		43	Notification of applicant to pay consent fee	1.00	4,910.71	4,910.71	9,821.42
		44	Receipt of consent fee from applicant	0.25	1,227.68	306.92	1,534.60
		46	Forwarding file to stool lands file room	0.25	1,227.68	306.92	1,534.60
		47	Invitation of applicant to pick up completed document	1.00	4,910.71	4,910.71	9,821.42
		48	File details are entered into the dispatch ledger	0.16	632.44	101.19	733.63
		49	Applicant signs to indicate receipt of certificate	0.16	632.44	101.19	733.63
		50	File is placed in appropriate shelf	0.16	607.14	97.14	704.29
			Sub-Total		14,148.80	10,734.78	24,883.58
			Grand Total		458,004.23	723,386.53	1,181,390.76

Source: Field Survey

APPENDIX 9: Costing of State Land Lease Renewal Activities under the Public Land Distributive Policy

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of application						
		1	Receiving application for renewal of lease with supporting valuation	0.08	392.86	2,960.00	3,352.86
		2	Forwarding application to ES confidential registry	0.25	1,227.68	9,250.00	10,477.68
		3	Receipt of applications at ES confidential registry	0.08	409.23	2,960.00	3,369.23
		4	Referring application to ES	0.08	409.23	2,960.00	3,369.23
			Sub-Total		2,438.99	18,130.00	20,568.99
2	Obtaining Records Information						
		5	ES requesting records information on site	0.08	4,050.82	2,960.00	7,010.82
		6	Forwarding application to Central records office	0.25	1,227.68	9,250.00	10,477.68

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	7	**Receiving application at Central Records Office**	0.08	303.57	2,960.00	3,263.57
	8	**Reporting on availability of land**	0.28	1,375.00	10,360.00	11,735.00
	9	**Forwarding CRO report to Files room**	0.16	785.71	5,920.00	6,705.71
	10	**Charging file to ES confidential registry**	0.16	785.71	5,920.00	6,705.71
	11	**Receiving and forwarding file to ES**	0.16	785.71	5,920.00	6,705.71
		Sub-Total		9,314.20	43,290.00	52,604.20
3	Vetting of valuation report					
	12	**ES instructs schedule officer to vet valuation report**	0.25	12,658.80	9,250.00	21,908.80
	13	**Forwarding file to schedule officer**	0.08	303.57	2,960.00	3,263.57
	14	**Vetting of valuation**	3.00	64,285.71	111,000.00	175,285.71
	15	**Forwarding file to ES**	0.25	948.66	9,250.00	10,198.66
	16	**Approving valuation**	0.75	37,976.40	27,750.00	65,726.40
		Sub-Total		116,173.14	160,210.00	276,383.14
4	Deciding terms of Renewal					
	17	**ES proposing land for allocation and listing on agenda**	0.25	12,658.80	9,250.00	21,908.80
	18	**Forwarding file to schedule officer for listing on agenda**	0.16	785.71	5,920.00	6,705.71
	19	**Listing case on agenda for LC meeting**	0.33	11,055.00	12,210.00	23,265.00
	20	**Forwarding case to LC meeting**	0.08	303.57	2,960.00	3,263.57
	21	**LC deliberation and approval**	0.16	768,000.00	5,920.00	773,920.00
	22	**Preparation of Extracts from minutes**	1.00	33,500.00	37,000.00	70,500.00
	23	**Forwarding extracts to ES for direction**	0.33	1,252.23	12,210.00	13,462.23
		Sub-Total		827,555.32	85,470.00	913,025.32
5	Preparation and dispatching letter of renewal					
	24	**ES drafting and instructing the typing of allocation letter**	0.33	16,709.62	12,210.00	28,919.62
	25	**Typing of allocation letter**	0.50	2,050.00	18,500.00	20,550.00

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	26	ES studies and signs allocation letter	0.25	12,658.80	9,250.00	21,908.80
	27	Dispatching allocation letter	0.33	2,872.77	12,210.00	15,082.77
		Sub-Total		34,291.18	52,170.00	86,461.18
6	Payment of Premium charges					
	28	Contacting applicant to effect payment of premium charges	0.33	11,055.00	12,210.00	23,265.00
	29	Forward file to accounts section for development charge payment	0.08	303.57	2,960.00	3,263.57
	30	Receipt of premium from applicant	0.53	2,602.68	19,610.00	22,212.68
	31	Returning file to schedule officer	0.08	303.57	2,960.00	3,263.57
	32	Forwarding file to ES	0.08	303.57	2,960.00	3,263.57
		Sub-Total		14,568.39	40,700.00	55,268.39
7	Assessment of Rent and issuance of offer letter					
	33	Regional lands Officer referring file to Lands Officer for rent assessment	0.08	3,794.64	2,960.00	6,754.64
	34	Forwarding file to schedule lands officer	0.25	948.66	9,250.00	10,198.66
	35	Assessment of annual rent payable	0.08	1,785.71	2,960.00	4,745.71
	36	Lands Officer completing offer letter and acceptance forms	0.16	3,571.43	5,920.00	9,491.43
	37	Forwarding offer and acceptance letters for dispatch	0.25	948.66	9,250.00	10,198.66
	38	Dispatching offer and acceptance forms	0.25	1,227.68	9,250.00	10,477.68
	39	Receipt of accepts from applicant	0.08	409.23	2,960.00	3,369.23
	40	Forwarding Acceptance to Regional Lands Officer	0.16	818.45	5,920.00	6,738.45
	41	Referring file to Schedule officer	0.08	3,794.64	2,960.00	6,754.64
	42	Forwarding file to schedule officer	0.25	1,227.68	9,250.00	10,477.68
		Sub-Total		18,526.78	60,680.00	79,206.78
8	Preparation of lease					
	43	Lands Officer referring file to legal section for lease	0.08	316.22	2,960.00	3,276.22

ID	Activity Name	Task Name preparation of lease	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	44	Forwarding file to legal section	0.25	1,227.68	9,250.00	10,477.68
	45	Solicitor instructing clerk to draft lease	0.25	10,083.31	9,250.00	19,333.31
	46	Drafting of lease	0.33	1,636.90	12,210.00	13,846.90
	47	Forwarding draft lease to typist	0.08	316.22	2,960.00	3,276.22
	48	Typing of lease	2.00	8,200.00	74,000.00	82,200.00
	49	Forwarding typed lease to legal clerk	0.08	316.22	2,960.00	3,276.22
	50	Legal clerk examines the typed lease	0.50	2,455.35	18,500.00	20,955.35
	51	Forwarding typed lease to solicitor	0.08	316.22	2,960.00	3,276.22
	52	Examination of lease by solicitor	0.50	22,810.00	18,500.00	41,310.00
		Sub-Total		47,678.12	153,550.00	201,228.12
9	Signing of lease					
	53	Instructing clerk to invite applicant for signing of lease	0.08	3,801.67	2,960.00	6,761.67
	54	Forwarding file to clerk for invitation	0.08	316.22	2,960.00	3,276.22
	55	Drafting of letter of invitation	0.33	1,636.90	12,210.00	13,846.90
	56	Forwarding draft letter to typists	0.08	316.22	2,960.00	3,276.22
	57	Typing of invitation letter	0.33	1,366.67	12,210.00	13,576.67
	58	Forwarding invitation letter to clerk for correction and signature	0.08	316.22	2,960.00	3,276.22
	59	Checking and Signing of invitation letter	0.80	3,928.56	29,600.00	33,528.56
	60	Forwarding letter to dispatch unit for dispatch	0.08	316.22	2,960.00	3,276.22
	61	Dispatching of letter	0.50	2,455.36	18,500.00	20,955.36
	62	Signing of lease by applicant	0.50	2,455.35	18,500.00	20,955.35
	63	Forwarding signed lease to solicitor	0.08	316.22	2,960.00	3,276.22
	64	Solicitor referring typed lease to regional lands officer	0.25	11,405.00	9,250.00	20,655.00
	65	Forwarding of typed lease to Regional Lands Officer	0.25	948.66	9,250.00	10,198.66

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	66	Regional Lands Officer examining typed lease	0.33	15,178.57	12,210.00	27,388.57
	67	RLO recommends typed lease to Executive Secretary for signature	0.08	3,794.64	2,960.00	6,754.64
	68	Forwarding file to Executive Secretary	0.50	2,455.36	18,500.00	20,955.36
	69	Executive Secretary recommends lease to Chairman for signature	0.50	25,317.60	18,500.00	43,817.60
	70	Forwarding file to Chairman	0.33	1,264.88	12,210.00	13,474.88
	71	Chairman signing lease	0.50	26,785.72	18,500.00	45,285.72
	72	Forwarding signed lease to confidential registry for stamping	0.08	316.22	2,960.00	3,276.22
	73	Stamping of lease	0.16	818.45	5,920.00	6,738.45
	74	Forwarding lease to Estate officer to depose to the transaction	0.08	316.22	2,960.00	3,276.22
	75	Estate officer deposing to transaction	0.33	5,357.14	12,210.00	17,567.14
	76	Forwarding stamped lease to solicitor to sign 'oath of Proof'	0.25	948.66	9,250.00	10,198.66
	77	Solicitor signs oath of proof	0.16	7,603.33	5,920.00	13,523.33
		Sub-Total		119,736.05	249,380.00	369,116.05
10	Forwarding lease to records office for embossment and filing					
	78	Embossment of lease	0.16	632.44	5,920.00	6,552.44
	79	Allocation of Land Serial Number (LS No.)	0.16	818.45	5,920.00	6,738.45
	80	Transaction plotted on official maps and details filed	0.33	1,636.90	12,210.00	13,846.90
	81	File forwarded to Registry	0.16	632.44	5,920.00	6,552.44
	82	Drafting of letter to invite applicant to pay fees and collect lease	0.16	818.45	5,920.00	6,738.45
	83	Typing of letter	0.25	1,025.00	9,250.00	10,275.00
	84	Signing and forwarding letter to dispatch unit	0.33	1,636.90	12,210.00	13,846.90
	85	Receipt of lease preparation fees from applicant	0.16	818.45	5,920.00	6,738.45
	86	Applicant issued with two copies of lease document	0.16	818.45	5,920.00	6,738.45
	87	File put away	0.08	409.23	2,960.00	3,369.23

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		Sub-Total		9,246.72	72,150.00	81,396.72
		Grand		1,199,528.89	935,730.00	2,135,258.89

Source: Field Survey

APPENDIX 10: Costing of Regularisation of Land rights Activities under the Public Land Redistributive Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of application				-	
		1 Receipt of application	0.08	392.86	2,960.00	3,352.86
		2 Application forwarding to ES confidential registry	0.25	1,227.68	9,250.00	10,477.68
		3 Receipt of applications at ES confidential registry	0.08	409.23	2,960.00	3,369.23
		4 Referring application to ES	0.08	409.23	2,960.00	3,369.23
		Sub-Total		2,438.99	18,130.00	20,568.99
2	Obtaining Records Information				-	-
		5 ES requesting records information on site	0.08	4,050.82	2,960.00	7,010.82
		6 Forwarding application to Central records office	0.25	1,227.68	9,250.00	10,477.68
		7 Receiving application at Central Records Office	0.08	303.57	2,960.00	3,263.57
		8 Reporting on availability of land	0.28	1,375.00	10,360.00	11,735.00
		9 Forwarding CRO report to Files room	0.16	785.71	5,920.00	6,705.71
		10 Charging file to ES confidential registry	0.16	785.71	5,920.00	6,705.71
		11 Receiving and forwarding file to ES	0.16	785.71	5,920.00	6,705.71
		Sub-Total		9,314.20	43,290.00	52,604.20
	First Inspection					
		12 Referring file to Estate Officer	0.16	8,101.63	5,920.00	14,021.63

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		13 Scheduling site inspection with applicant	0.25	4,017.86	9,250.00	13,267.86
		14 Inspecting site to check stage of development(s)	4.00	210,267.86	148,000.00	358,267.86
		15 Preparation of inspection report	1.00	117,857.15	37,000.00	154,857.15
		16 Referring file to ES	0.08	1,339.29	2,960.00	4,299.29
		17 Forwarding file to ES	0.33	1,264.88	12,210.00	13,474.88
		Sub-Total		342,848.67	215,340.00	558,188.67
	Assessment of Penalty				-	-
		18 ES directing for penalty to be assessed	0.16	8,101.63	5,920.00	14,021.63
		19 Forwarding file to schedule officer	0.08	303.57	2,960.00	3,263.57
		20 Scheduling site inspection with applicant	0.25	4,017.86	9,250.00	13,267.86
		21 Inspecting site for purposes of valuation	3.00	100,500.00	111,000.00	211,500.00
		22 Valuation and penalty assessment	8.00	268,000.00	296,000.00	564,000.00
		23 Forwarding file to ES	0.25	948.66	9,250.00	10,198.66
		24 Approving of penalty	0.75	37,976.40	27,750.00	65,726.40
		Sub-Total		419,848.12	462,130.00	881,978.12
	Preparation and dispatching letter of Regularization				-	-
		25 ES drafting and instructing the typing of allocation letter	0.33	16,709.62	12,210.00	28,919.62
		26 Typing of regularization letter	0.50	2,050.00	18,500.00	20,550.00
		27 ES studies and signs regularization letter	0.25	12,658.80	9,250.00	21,908.80
		28 Dispatching regularization letter	0.33	2,872.77	12,210.00	15,082.77
		Sub-Total		34,291.18	52,170.00	86,461.18
	Payment of Penalty charges				-	-
		29 Contacting applicant to effect payment of penalty charges	0.33	11,055.00	12,210.00	23,265.00
		30 Forward file to accounts section for development charge payment	0.08	303.57	2,960.00	3,263.57

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	31	**Receipt of premium from applicant**	0.53	2,602.68	19,610.00	22,212.68
	32	**Returning file to schedule officer**	0.08	303.57	2,960.00	3,263.57
	33	**Forwarding file to ES**	0.08	303.57	2,960.00	3,263.57
		Sub-Total		14,568.39	40,700.00	55,268.39
3	Deciding the terms of the allocation				-	-
	34	**ES proposing land for allocation and listing on agenda**	0.25	12,658.80	9,250.00	21,908.80
	35	**Forwarding file to schedule officer for listing on agenda**	0.16	785.71	5,920.00	6,705.71
	36	**Listing case on agenda for LC meeting**	0.33	11,055.00	12,210.00	23,265.00
	37	**Forwarding case to LC meeting**	0.08	303.57	2,960.00	3,263.57
	38	**LC deliberation and approval**	0.16	768,000.00	5,920.00	773,920.00
	39	**Preparation of Extracts from minutes**	1.00	33,500.00	37,000.00	70,500.00
	40	**Forwarding extracts to ES for direction**	0.33	1,252.23	12,210.00	13,462.23
		Sub-Total		827,555.32	85,470.00	913,025.32
4	Preparation and dispatching allocation letter				-	-
	36	**ES drafting and instructing the typing of allocation letter**	0.33	16,709.62	12,210.00	28,919.62
	37	**Typing of allocation letter**	0.50	2,050.00	18,500.00	20,550.00
	38	**ES studies and signs allocation letter**	0.25	12,658.80	9,250.00	21,908.80
	39	**Dispatching allocation letter**	0.33	2,872.77	12,210.00	15,082.77
		Sub-Total		34,291.18	52,170.00	86,461.18
5	Opening of file for the case				-	-
	40	**Forwarding case to files room for file to be open**	0.08	303.57	2,960.00	3,263.57
	41	**Opening of file for the subject case**	0.33	1,620.53	12,210.00	13,830.53
	42	**Forwarding file to schedule officer**	0.08	392.86	2,960.00	3,352.86
		Sub-Total		2,316.96	18,130.00	20,446.96

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
6	Payment of Development charges				-	-
	43	Inviting applicant to pay development charges	0.33	11,055.00	12,210.00	23,265.00
	44	Forward file to accounts section for payment	0.08	303.57	2,960.00	3,263.57
	45	Receipt of development fee from applicant	0.53	2,602.68	19,610.00	22,212.68
	46	Returning file to schedule officer	0.08	303.57	2,960.00	3,263.57
	47	Forwarding file to ES for preparation of 'right of entry'	0.08	303.57	2,960.00	3,263.57
		Sub-Total		14,568.39	40,700.00	55,268.39
7	Preparation of 'right of entry'				-	-
	48	Executive Secretary directing the typing of right of entry	0.16	8,101.63	5,920.00	14,021.63
	49	Typing of right entry	0.50	2,050.00	18,500.00	20,550.00
	50	ES signing right of entry	0.16	8,101.63	5,920.00	14,021.63
	51	forwarding file to schedule officer	0.08	303.57	2,960.00	3,263.57
	52	Lands Officer request preparation of site plans (LD Plans)	0.08	2,680.00	2,960.00	5,640.00
	53	Forwarding file to drawing office for plans	0.50	1,897.32	18,500.00	20,397.32
	54	Preparation of LD plans	1.50	13,392.86	55,500.00	68,892.86
	55	Forwarding prepared LD plans to print office	0.16	1,428.57	5,920.00	7,348.57
	56	Printing of LD plans	0.50	2,455.36	18,500.00	20,955.36
	57	Forwarding LD plans to Lands Officer	0.16	607.14	5,920.00	6,527.14
	58	Lands Officer issues right of entry	0.16	5,360.00	5,920.00	11,280.00
	59	Right of entry dispatching to applicant	0.25	948.66	9,250.00	10,198.66
	60	File forwarding to schedule officer	0.16	607.14	5,920.00	6,527.14
		Sub-Total		47,933.88	161,690.00	209,623.88
8	Demarcating site				-	-
	61	Authorizing site demarcation	0.16	5,360.00	5,920.00	11,280.00

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		62	File referral to Estate Officer	0.16	5,360.00	5,920.00	11,280.00
		63	Scheduling site inspection with applicant	0.25	4,017.86	9,250.00	13,267.86
		64	Site demarcation	4.00	64,285.72	148,000.00	212,285.72
		65	Lessee's first official visit to site	2.00	32,142.86	74,000.00	106,142.86
		66	File referral to Regional Lands officer (RLO)	0.08	1,285.71	2,960.00	4,245.71
		67	File forwarding to Regional Lands Officer	0.33	1,252.23	12,210.00	13,462.23
			Sub-Total		113,704.38	258,260.00	371,964.38
	9	Assessment of Rent and issuance of offer letter				-	-
		68	File referral to Lands Officer for rent assessment	0.08	3,642.86	2,960.00	6,602.86
		69	File forwarding to schedule Lands Officer	0.25	948.66	9,250.00	10,198.66
		70	Assessment of annual rent payable	0.08	1,714.29	2,960.00	4,674.29
		71	Lands Officer completing Offer/Acceptance letters	0.16	3,428.57	5,920.00	9,348.57
		72	Forwarding offer and acceptance letters for dispatch	0.25	948.66	9,250.00	10,198.66
		73	Dispatching offer and acceptance forms	0.25	1,227.68	9,250.00	10,477.68
		74	Receipt of acceptance from applicant	0.08	392.86	2,960.00	3,352.86
		75	Forwarding acceptance to Regional Lands Officer	0.16	785.71	5,920.00	6,705.71
		76	Referring file to Schedule officer	0.08	3,642.86	2,960.00	6,602.86
		77	Forwarding file to schedule officer	0.25	1,227.68	9,250.00	10,477.68
			Sub-Total		17,959.82	60,680.00	78,639.82
	10	Preparation of lease				-	-
		78	File referral to legal section for lease preparation	0.08	303.57	2,960.00	3,263.57
		79	File forwarding to legal section	0.25	1,227.68	9,250.00	10,477.68
		80	Solicitor instructing clerk to draft lease	0.25	10,083.31	9,250.00	19,333.31
		81	Drafting of lease	0.33	1,620.53	12,210.00	13,830.53

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
		82	Forwarding draft lease to typist	0.08	303.57	2,960.00	3,263.57
		83	Typing of lease	2.00	8,200.00	74,000.00	82,200.00
		84	Forwarding typed lease to legal clerk	0.08	303.57	2,960.00	3,263.57
		85	Legal clerk's examinations of typed lease	0.50	2,455.35	18,500.00	20,955.35
		86	Forwarding typed lease to solicitor	0.08	303.57	2,960.00	3,263.57
		87	Solicitor's examination of lease	0.50	22,810.00	18,500.00	41,310.00
			Sub-Total		47,611.16	153,550.00	201,161.16
11	Signing of lease					-	-
		88	Instructing clerk to invite applicant for signing of lease	0.08	3,649.60	2,960.00	6,609.60
		89	File forwarding to clerk for invitation	0.08	303.57	2,960.00	3,263.57
		90	Invitation letter drafting	0.33	1,620.53	12,210.00	13,830.53
		91	Forwarding draft letter to typists	0.08	303.57	2,960.00	3,263.57
		92	Typing of invitation letter	0.33	1,353.00	12,210.00	13,563.00
		93	Forwarding invitation letter to clerk	0.08	303.57	2,960.00	3,263.57
		94	Checking and Signing of invitation letter	0.80	3,928.56	29,600.00	33,528.56
		95	Forwarding letter to dispatch unit for dispatch	0.08	303.57	2,960.00	3,263.57
		96	Invitation letter dispatch	0.50	2,455.36	18,500.00	20,955.36
		97	Signing of lease by applicant	0.50	2,455.35	18,500.00	20,955.35
		98	Forwarding signed lease to solicitor	0.08	303.57	2,960.00	3,263.57
		99	Solicitor referring signed lease to RLO	0.25	11,405.00	9,250.00	20,655.00
		100	Forwarding of signed lease to RLO	0.25	948.66	9,250.00	10,198.66
		101	RLO examining signed lease	0.33	15,026.78	12,210.00	27,236.78
		102	RLO recommending lease to ES	0.08	3,642.86	2,960.00	6,602.86
		103	File forwarding to ES	0.50	2,455.36	18,500.00	20,955.36

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	104	ES recommends lease to Chairman for signature	0.50	25,317.60	18,500.00	43,817.60
	105	Forwarding file to Chairman	0.33	1,252.23	12,210.00	13,462.23
	106	Chairman signing lease	0.50	26,785.72	18,500.00	45,285.72
	107	Forwarding signed lease for Chairman's name stamping	0.08	303.57	2,960.00	3,263.57
	108	Stamping of lease	0.16	785.71	5,920.00	6,705.71
	109	Forwarding lease to Estate officer for deposing	0.08	303.57	2,960.00	3,263.57
	110	Estate officer deposing to transaction	0.33	5,303.57	12,210.00	17,513.57
	111	Forwarding lease to solicitor for 'oath of Proof'	0.25	948.66	9,250.00	10,198.66
	112	Solicitor signs oath of proof	0.16	7,299.20	5,920.00	13,219.20
		Sub-Total		118,758.74	249,380.00	368,138.74
12	Recording of transaction				-	-
	113	Forwarding lease to CRO for embossment and filing	0.25	948.66	9,250.00	10,198.66
	114	Embossment of lease	0.16	607.14	5,920.00	6,527.14
	115	Allocation of Land Serial Number (LS No.)	0.16	785.71	5,920.00	6,705.71
	116	Transaction plotted on official maps and details filed	0.33	1,620.53	12,210.00	13,830.53
	117	File forwarding to Registry	0.16	607.14	5,920.00	6,527.14
	118	Drafting notification of fees and lease completion letter	0.16	785.71	5,920.00	6,705.71
	119	Typing of letter	0.25	1,025.00	9,250.00	10,275.00
	120	Signing and forwarding letter to dispatch unit	0.33	1,620.53	12,210.00	13,830.53
	121	Receipt of lease preparation fees from applicant	0.16	785.71	5,920.00	6,705.71
	122	Applicant issued with two copies of lease document	0.16	785.71	5,920.00	6,705.71
	123	File put away	0.08	392.86	2,960.00	3,352.86
		Sub-Total		9,964.72	81,400.00	91,364.72
		Grand Total		2,057,974.10	1,993,190.00	4,051,164.10

Source: Field Survey

APPENDIX 10-11: Costing of Lodgment Activities Under the Land Title Registration Regulative Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600	Total
1	Purchase of Registration Application Form					
	1	Informing applicant of cost of registration forms	0.03	147.32	1,338.00	1,485.32
	2	Receipt of payment for forms	0.08	392.86	3,568.00	3,960.86
	3	Issuance of application forms by recording officer	0.05	245.54	2,230.00	2,475.54
	4	Forwarding receipt to Counter Recording Officer	-	-	-	-
	5	Receipt and examination of completed application forms	0.16	785.71	7,136.00	7,921.71
		Sub-Total		1,571.43	14,272.00	15,843.43
2	Payment of registration fee				-	-
	6	Receipt and examination of completed application forms	0.16	818.45	7,136.00	7,954.45
	7	Determination of registration fee for type of transaction	0.08	392.86	3,568.00	3,960.86
	8	Client goes to bank of Ghana to pay registration fee	-	-	-	-
	9	Receipt of registration fee at Bank of Ghana	0.80	3,928.57	35,680.00	39,608.57
	10	Sending of receipt of payment to Land Title Registry	-	-	-	-
		Sub-Total		8,282.73	74,928.00	83,210.73
3	Receipt of completed application form					
	11	Receiving completed application form for processing	0.05	245.54	2,230.00	2,475.54
	12	Examination of registration application form for completeness	0.25	1,227.68	11,150.00	12,377.68
	13	Stamping of document with official date stamp	0.08	392.86	3,568.00	3,960.86
	14	Issuance of lodgment number	0.05	245.54	2,230.00	2,475.54
	15	Entering of application data in presentation book	0.08	392.86	3,568.00	3,960.86
	16	Entering of application data in Address book	0.08	392.86	3,568.00	3,960.86

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600	Total
	17	Forwarding information to typist	0.08	303.57	3,568.00	3,871.57
	18	Typing of information onto acknowledgement card (Yellow Card)	0.08	328.00	3,568.00	3,896.00
	19	Issuance of yellow card to client	0.03	147.32	1,338.00	1,485.32
	20	Placement of document and site plans in file (a white plastic sleeve)	0.16	785.71	7,136.00	7,921.71
	21	Forwarding file to strong room	0.08	392.86	3,568.00	3,960.86
	22	Forwarding case to plan section	0.08	303.57	3,568.00	3,871.57
	23	Preparation of request letter for Survey Department (SD)	0.05	245.54	2,230.00	2,475.54
	24	Issuance of request letter and site plan to client to take to SD	0.05	245.54	2,230.00	2,475.54
		Sub-Total		5,649.42	53,520.00	59,169.42
		Grand Total		15,503.58	142,720.00	158,223.58

Source: Field Survey

APPENDIX 12: Costing of Parcel Plan Preparation Activities Under the Land Title Registration Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
1	Payment of deposit					
	1	Receipt of Yellow card and letter at SD Head Office Cadastral Unit	0.16	785.71	1,312.00	2,097.71
	2	Determination of existence of section maps for the area (Pre-Surveyed)	0.33	1,620.53	2,706.00	4,326.53
	3	Assessment of deposit payable by client	0.16	785.71	1,312.00	2,097.71
	4	Forwarding assessment and request letter to accounts section	0.08	303.57	656.00	959.57
	5	Receipt of deposit	0.16	785.71	1,312.00	2,097.71
	6	Forwarding of payment receipt to head office cadastral unit	0.08	303.57	656.00	959.57

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
		Sub-Total		4,584.82	7,954.00	12,538.82
2	Site Inspection and computation					
	7	Placement of application on registration district file	0.10	491.07	820.00	1,311.07
	8	Forwarding site plan to Examination and Computer section	0.33	1,252.23	2,706.00	3,958.23
	9	Forwarding file to schedule officer	0.25	948.66	2,050.00	2,998.66
	10	Schedule officer contacts applicant to schedule site visit	1.00	38,410.71	8,200.00	46,610.71
	11	Survey officer requesting for copies of preprinted section map	0.33	11,055.00	2,706.00	13,761.00
	12	Survey Officer inspecting parcel with client and measures dimensions of parcel	3.00	100,500.00	24,600.00	125,100.00
	13	Survey Officer scaling coordinates of beacon from section map and computing parcel bearing	1.00	33,500.00	8,200.00	41,700.00
	14	Examination of computations of bearing and distances by Examiner	0.50	22,767.86	4,100.00	26,867.86
	15	Entering of case in job movement file by examiner	0.08	3,642.86	656.00	4,298.86
		Sub-Total		212,568.38	54,038.00	266,606.38
3	Drawing of parcel plan					
	16	Forwarding file to Chief Cartographer (CC) for plan preparation	0.25	1,227.68	2,050.00	3,277.68
	17	CC forwards file to Assistant Cartographer (AC)	0.33	12,675.53	2,706.00	15,381.53
	18	AC forwarding file to Parcel Plan and Drawing Section (PPDS)	0.33	2,872.77	2,706.00	5,578.77
	19	Receiving and entering case in arrival/incoming job movement book	0.33	1,620.53	2,706.00	4,326.53
	20	Checking if parcel plan has already been prepared for the parcel	0.16	785.71	1,312.00	2,097.71
	21	Allocation of plan, Cartographic and Title Registry Plan Number	0.33	1,620.53	2,706.00	4,326.53
	22	Preparation of parcel plan (tracing the master section map on transparency-mylar)	2.00	9,821.42	16,400.00	26,221.42

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
		23	Noting/ plotting outline of parcel on section map in pink	1.00	9,821.42	8,200.00	18,021.42
		24	Checking of plotting	0.16	785.71	1,312.00	2,097.71
		25	Forwarding plan to AC for examination	0.25	948.66	2,050.00	2,998.66
		26	Checking of plotting on section map by AC	0.25	8,375.00	2,050.00	10,425.00
		27	Entering of job in movement book	0.08	392.86	656.00	1,048.86
		28	Examination of plans for cartographic details	0.16	785.71	1,312.00	2,097.71
			Sub-Total		51,733.54	46,166.00	97,899.54
4	Examination of plan						
		29	Forwarding of file to Examination section	0.25	2,176.34	2,050.00	4,226.34
		30	Assist. Examiner examines parcel plan in comparison with site plan	0.50	22,767.86	4,100.00	26,867.86
		31	Forwarding case to Examiner	0.25	12,611.61	2,050.00	14,661.61
		32	Examining and approving parcel plan	1.00	45,535.71	8,200.00	53,735.71
		33	Chief Cartographer reviews parcel plan	0.50	16,750.00	4,100.00	20,850.00
		34	Forwarding case to Lithographic section for printing	0.25	2,176.34	2,050.00	4,226.34
		35	Printing of plans	1.00	4,910.71	8,200.00	13,110.71
		36	Forwarding case to CC	0.25	2,176.34	2,050.00	4,226.34
			Sub-Total		109,104.89	32,800.00	141,904.89
5	Signing and dispatching of plans						
		37	Forwarding case to Head Office (HO)	0.39	2,026.10	3,198.00	5,224.10
		38	Preparation of final bill for payment	0.16	3,428.57	1,312.00	4,740.57
		39	Receipt of payment	0.25	1,227.68	2,050.00	3,277.68
		40	Forward file to Cartographic Unit (HO)	0.16	785.71	1,312.00	2,097.71
		41	Payment recorded in district file	0.16	785.71	1,312.00	2,097.71
		42	Forwarding file to director of survey for signature	0.25	1,227.68	2,050.00	3,277.68

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
		43	Signing of parcel plan by director of survey	0.25	13,886.48	2,050.00	15,936.48
		44	Recording of date of signing in district file	0.08	392.86	656.00	1,048.86
		45	Filing of a copy of signed cadastral plan in office	0.10	491.07	820.00	1,311.07
		46	Composition of covering letter when a batch of 10-20 plans are ready	1.00	9,821.42	8,200.00	18,021.42
		47	Forwarding plan to Land Registry	3.00	14,732.13	24,600.00	39,332.13
		48	Receipt of plans at Land Registry	0.25	1,227.68	2,050.00	3,277.68
		49	Filing of covering letter	0.08	392.86	656.00	1,048.86
			Sub-Total		50,425.94	50,266.00	100,691.94
			Grand Total		377,991.64	140,958.00	518,949.64

Source: Field Survey

APPENDIX 13: Costing of Cadastral Plan Preparation Activities under the Land Title Registration Regulative Policy

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
1	Receipt of request						
		1	Receipt of Yellow card and letter at SD Head Office Cadastral Unit	0.16	818.45	1,312.00	2,130.45
		2	Determination of existence of section maps for the area (Pre-Surveyed)	0.33	1,636.90	2,706.00	4,342.90
		3	Assessment of deposit payable by client	0.16	818.45	1,312.00	2,130.45
		4	Forwarding assessment and request letter to accounts section	0.08	316.22	656.00	972.22
		5	Receipt of deposit	0.16	818.45	1,312.00	2,130.45
		6	Forwarding of payment receipt to head office cadastral unit	0.08	316.22	656.00	972.22
			Sub-Total		4,724.70	7,954.00	12,678.70
2	Site Inspection and Computation						
		7	Entering of details in regional record book	0.08	392.86	656.00	1,048.86

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
	8	Open file for request letter, site plan and payment	0.16	785.71	1,312.00	2,097.71
	9	Forwarding file for action to Examination and computer section	0.08	392.86	656.00	1,048.86
	10	Forwarding site plan to Examination and Computer section	0.33	392.86	2,706.00	3,098.86
	11	Assignment of survey officer to the project by examiner	0.16	7,285.71	1,312.00	8,597.71
	12	Forwarding file to schedule officer	0.25	1,227.68	2,050.00	3,277.68
	13	Schedule officer contacts applicant to schedule site visit	1.00	4,910.71	8,200.00	13,110.71
	14	Survey Officer inspects parcel with client to search for tee pillars to use as departure	3.00	111,883.92	24,600.00	136,483.92
	15	Place pillars of parcel	2.00	74,589.28	16,400.00	90,989.28
	16	Survey Officer surveys parcel	5.00	186,473.20	41,000.00	227,473.20
		Sub-Total		388,334.79	98,892.00	487,226.79
3	Preparation of Cadastral plan					
	17	Survey Officer Compares site plan and parcel survey	0.50	16,750.00	4,100.00	20,850.00
	18	Survey officer computes parcel bearings and distances from field survey	2.00	67,000.00	16,400.00	83,400.00
	19	Forwarding of file to Examination section	0.25	-	2,050.00	2,050.00
	20	Entering of job in movement book	0.08	392.86	656.00	1,048.86
	21	Examination of computations of bearing and distances by Examiner	1.00	45,535.71	8,200.00	53,735.71
	22	Entering of case in job movement file by examiner	0.08	392.86	656.00	1,048.86
	23	Checking survey to see if misclosures are with allowable tolerances	0.33	11,055.00	2,706.00	13,761.00
	24	Forwarding of case to Examination section	0.25	2,455.36	2,050.00	4,505.36
	25	Examine computations of bearings and distances	1.00	45,535.71	8,200.00	53,735.71
	26	Enter case in cadastral plan section job movement book	0.08	392.86	656.00	1,048.86
	27	Allocate cadastral plan and cartographic number	33.00	1,105,500.00	270,600.00	1,376,100.00
	28	Checking if a cadastral plan has already been plotted for the parcel	0.25	8,375.00	2,050.00	10,425.00

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
	29	Plotting prepared plans on transparency	1.00	38,410.71	8,200.00	46,610.71
	30	Entering job in job movement book	0.08	392.86	656.00	1,048.86
		Sub-Total		1,342,188.91	327,180.00	1,669,368.91
4	Examination of cadastral plan					
	31	Forwarding of file to Examination section	0.25	2,176.34	2,050.00	4,226.34
	32	Assist. Examiner examines parcel plan in comparison with site plan	0.50	22,767.86	4,100.00	26,867.86
	33	Forwarding case to Examiner	0.25	12,611.61	2,050.00	14,661.61
	34	Examining and approving parcel plan	1.00	45,535.71	8,200.00	53,735.71
	35	Chief Cartographer reviews parcel plan	0.50	16,750.00	4,100.00	20,850.00
	36	Forwarding case to Lithographic section for printing	0.25	2,176.34	2,050.00	4,226.34
	37	Printing of plans	1.00	4,910.71	8,200.00	13,110.71
	38	Forwarding case to CC	0.25	2,176.34	2,050.00	4,226.34
		Sub-Total		109,104.89	32,800.00	141,904.89
5	Signing and dispatching of cadastral plan					
	39	Forwarding case to Head Office (HO)	0.39	2,027.53	3,198.00	5,225.53
	40	Preparation of final bill for payment	0.16	3,571.43	1,312.00	4,883.43
	41	Receipt of payment	0.25	1,227.68	2,050.00	3,277.68
	42	Forward file to Cartographic Unit (HO)	0.16	818.45	1,312.00	2,130.45
	43	Payment recorded in district file	0.16	818.45	1,312.00	2,130.45
	44	Forwarding file to director of survey for signature	0.25	1,227.68	2,050.00	3,277.68
	45	Signing of parcel plan by director of survey	0.25	13,886.48	2,050.00	15,936.48
	46	Recording of date of signing in district file	0.08	409.23	656.00	1,065.23
	47	Filing of a copy of signed cadastral plan in office	0.10	491.07	820.00	1,311.07
	48	Composition of covering letter when a batch of 10-20 plans are ready	1.00	9,821.42	8,200.00	18,021.42

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢8,200.00	Total
	49	**Forwarding plan to Land Registry**	3.00	14,732.13	24,600.00	39,332.13
	50	**Receipt of plans at Land Registry**	0.25	1,227.68	2,050.00	3,277.68
	51	**Filing of covering letter**	0.08	409.23	656.00	1,065.23
		Sub-Total		50,668.44	50,266.00	100,934.44
		Grand Total		1,895,021.73	517,092.00	2,412,113.73

Source: Field Survey

Appendix 14: Costing Of Title Certificate Preparation Activities Under The Land Title Registration Regulative Policy

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600.00	Total
1	Preparation of Certificate					
	1	**Receipt of approved cadastral plan from Survey Department**	0.50	2,455.36	22,300.00	24,755.36
	2	**Adding plans to plastic sleeve**	0.08	392.86	3,568.00	3,960.86
	3	**Completing search request form**	0.08	392.86	3,568.00	3,960.86
	4	**Forward request for search to Lands Commission**	2.00	9,821.42	89,200.00	99,021.42
	5	**Receipt of search report from Lands Commission**	0.05	245.54	2,230.00	2,475.54
		Sub-Total		13,308.02	120,866.00	134,174.02
2	Publication					
	6	**Assessment of publication fees**	0.03	147.32	1,338.00	1,485.32
	7	**Receipt of payment of publication fee**	0.08	392.86	3,568.00	3,960.86
	8	**Preparation of notice of intention to register**	0.50	2,455.36	22,300.00	24,755.36
	9	**Typing of notice of intention to register**	0.16	656.00	7,136.00	7,792.00
	10	**Forwarding publication to news paper**	2.00	9,821.42	89,200.00	99,021.42
		Sub-Total		13,472.95	123,542.00	137,014.95

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600.00	Total
3	Drafting of land certificate					
	11	Drafting land certificate and land register page on Form LR61	0.50	2,455.36	22,300.00	24,755.36
	12	Forwarding file to head of recording officers	0.08	392.86	3,568.00	3,960.86
	13	Examining draft form LR61	0.25	1,538.05	11,150.00	12,688.05
	14	Forwarding draft form LR 61 to typist	0.25	1,227.68	11,150.00	12,377.68
	15	Type land certificate and land register	0.33	1,353.00	14,718.00	16,071.00
	16	Examine typing and place in plastic sleeve	0.33	2,030.23	14,718.00	16,748.23
		Sub-Total		8,997.17	77,604.00	86,601.17
4	Fixing plan					
	17	Forwarding file to plan section	0.25	948.66	11,150.00	12,098.66
	18	Outlining parcel in red on LR copy of section map	0.16	785.71	7,136.00	7,921.71
	19	File notation of records report.	0.16	785.71	7,136.00	7,921.71
		Sub-Total		2,520.09	25,422.00	27,942.09
		Grand Total		38,298.23	347,434.00	385,732.23

Source: Field Survey

Appendix 15: Costing of Title Certification Activities under the Land Title Registration Regulative Policy

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600.00	Total
		1	Forwarding file to legal department	0.25	948.66	11,150.00	12,098.66
		2	Receipt of file and documents in plastic sleeve	0.03	1,368.60	1,338.00	2,706.60
		3	Examination of documents	0.33	15,054.60	14,718.00	29,772.60
		4	Forwarding file for folio number to be assigned	0.25	1,227.68	11,150.00	12,377.68

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢44,600.00	Total
		5	Assignment of folio and volume numbers	0.50	4,505.36	22,300.00	26,805.36
		6	Complete index card	0.08	392.86	3,568.00	3,960.86
		7	Examination of land certificate	0.16	7,299.20	7,136.00	14,435.20
		8	Forwarding file to Chief Registrar	0.25	948.66	11,150.00	12,098.66
		9	Signing of land certificate	0.25	12,658.80	11,150.00	23,808.80
		10	Entering data in Land certificate book	0.16	785.71	7,136.00	7,921.71
		11	Forwarding certificate for binding	0.16	607.14	7,136.00	7,743.14
		12	Binding and embossing certificates	0.50	2,455.36	22,300.00	24,755.36
		13	Contacting client	0.50	2,455.36	22,300.00	24,755.36
		14	Issuance of land certificate to client	0.11	540.18	4,906.00	5,446.18
		15	Recording issuance in day book	0.08	392.86	3,568.00	3,960.86
		16	Filing of document	0.08	392.86	3,568.00	3,960.86
			Grand Total		52,033.87	164,574.00	216,607.87

Source: Field Survey

Appendix 16: Costing of Stamp Duty Activities under the Stamp Duty Regulative Policy

ID	Activity Name		Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢3,200.00	Total
		1	Receipt of document and allot LVB number	0.08	392.86	256.00	648.86
		2	Forward document to Valuer for stamp duty assessment	0.08	303.57	256.00	559.57
		3	Stamp duty assessed	2.00	45,126.00	6,400.00	51,526.00
		4	Forwarding assessed document to stamping office	0.08	303.57	256.00	559.57
		5	Receipt of payment	0.33	1,252.23	1,056.00	2,308.23
		6	Stamping of document	0.80	3,928.57	2,560.00	6,488.57

7	Entering of details and Dispatch	0.12	589.29	384.00	973.29
	Grand Total		51,896.08	11,168.00	63,064.08

Source: Field Survey

Appendix 17: Costing of Tax Clearance Certification Activities under the Taxation Regulative Policies

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢49,000.00	Total
	1	Receipt of document	0.16	785.71	7,840.00	8,625.71
	2	Forwarding document to Valuer for evaluation	0.08	2,680.00	3,920.00	6,600.00
	3	Valuer evaluating correctness of stamp duty paid	0.25	8,375.00	12,250.00	20,625.00
	4	Client goes to district office for tax clearance memorandum	1days	-	-	-
	5	District office preparation of tax clearance memorandum	0.45	15,075.00	22,050.00	37,125.00
	6	Head office preparation and issuance of tax clearance certificate	0.45	-	22,050.00	22,050.00
	7	Forwarding tax clearance certificate to IRS valuation office	0.25	948.66	12,250.00	13,198.66
	8	Receiving and Forwarding document to Valuer for endorsement	0.08	392.86	3,920.00	4,312.86
	9	Endorsement of tax clearance certificates	0.10	4,553.57	4,900.00	9,453.57
	10	Tax clearance certificate issuance	0.25	11,383.93	12,250.00	23,633.93
	11	Dispatching	0.03	113.84	1,470.00	1,583.84
		Grand Total		44,308.57	102,900.00	147,208.57

Source: Field Survey

Appendix 18: Costing of Concurrence Certification Activities under the Concurrence Regulative Policies

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
1	Receipt of Stool Land Contract Document with Site Plan					
	1	Verifying if transaction falls within suspended area	0.16	1,571.43	5,920.00	7,491.43
	2	Assessment of application fee	0.13	2,083.33	4,810.00	6,893.33
	3	Receipt of fee from client	0.53	11,035.56	19,610.00	30,645.56
	4	Official Receipt of document for processing	0.32	3,142.85	11,840.00	14,982.85
	5	Examination of legal drafting of lease	0.18	23,683.19	6,660.00	30,343.19
	6	Booking and dispatching of document to CRO	0.16	607.14	5,920.00	6,527.14
		Sub-Total		42,123.50	54,760.00	96,883.50
2	Records Examination				-	-
	7	Examination of Site Plan and records reporting (CRO)	0.5	21,660.71	18,500.00	40,160.71
	8	Booking and dispatching of document to GARRO	0.25	948.66	9,250.00	10,198.66
	9	Receipt of document at GARRO	0.08	392.86	2,960.00	3,352.86
	10	Records reporting (GARRO)	0.28	14,880.00	10,360.00	25,240.00
	11	Booking and dispatching document to Lands Officers	0.16	607.14	5,920.00	6,527.14
	12	Authorizing file to be opened for the case	0.08	5,142.86	2,960.00	8,102.86
	13	Creation of case file	0.5	4,352.68	18,500.00	22,852.68
	14	Booking and dispatching document to Lands Officers	0.16	1,821.43	5,920.00	7,741.43
		Sub-Total		49,806.32	74,370.00	124,176.32
3	Verifying Site Conformity From TCPD				-	-
	15	Authorizing request for Land Use information from TCPD	0.05	3,214.29	1,850.00	5,064.29
	16	Completing land use information requests form	0.05	245.54	1,850.00	2,095.54
	17	Dispatching completed forms to TCPD for information	0.12	455.36	4,440.00	4,895.36
	18	Waiting time	10 days	-		-
	19	Receipt of land use information from TCPD	0.25	948.66	9,250.00	10,198.66

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
	20	Referring TCPD report to RLO	0.25	1,227.68	9,250.00	10,477.68
	21	RLO authorizing report to be placed on file	0.05	2,276.79	1,850.00	4,126.79
	22	Placement of TCPD report on subject file	0.33	1,252.23	12,210.00	13,462.23
	23	Referring file to Assistant/Lands officer	0.08	303.57	2,960.00	3,263.57
	24	Dispatching file to schedule officer	0.12	910.71	4,440.00	5,350.71
	25	Evaluation of stipulated rent	0.16	6,857.14	5,920.00	12,777.14
		Sub-Total		17,691.96	54,020.00	71,711.96
4	Preparation of Concurrence Certificate				-	-
	26	Referring file to legal department	0.05	1,071.43	1,850.00	2,921.43
	27	Booking file to legal section	0.16	607.14	5,920.00	6,527.14
	28	Solicitor instructing legal clerk to draft certificate	0.5	7,193.47	18,500.00	25,693.47
	29	Clerk drafting concurrence certificate	0.25	1,227.68	9,250.00	10,477.68
	30	Typing of draft concurrence certificate	0.75	4,100.00	27,750.00	31,850.00
	31	Referring typed certificate to solicitor for examination	1	4,910.70	37,000.00	41,910.70
	32	Referring typed certificate to RLO if approved	0.1	7,126.98	3,700.00	10,826.98
	33	Receipt of file by RLO secretariat	0.16	785.71	5,920.00	6,705.71
		Sub-Total		27,023.11	109,890.00	136,913.11
5	Endorsement of Concurrence Certificate				-	-
	34	RLO referring file to Regional Chairman for signature	0.5	22,767.86	18,500.00	41,267.86
	35	Regional Chairman signing concurrence certificate	0.33	17,678.57	12,210.00	29,888.57
	36	Official stamp is placed on concurrence certificate	0.5	2,455.36	18,500.00	20,955.36
	37	File is referred to CRO for embossment	0.5	2,455.36	18,500.00	20,955.36
	38	Concurrence certificate is embossed with official seal	0.33	1,252.23	12,210.00	13,462.23
		Sub-Total		46,609.37	79,920.00	126,529.37

ID	Activity Name	Task Name	Duration (hrs)	Labour Cost (¢)	Overheads @ ¢37,000.00	Total
6	Recording of Transaction				-	-
	39	Allocating Land Serial Number to transaction	0.33	1,620.53	12,210.00	13,830.53
	40	Noting (plotting) of transaction on master map	0.65	3,191.96	24,050.00	27,241.96
	41	Filing a copy of the transaction in a paper folder	0.33	1,620.53	12,210.00	13,830.53
	42	Notifying applicant to pay first year's rent	0.33	1,620.53	12,210.00	13,830.53
		Sub-Total		8,053.56	60,680.00	68,733.56
7	Payment of Year's Rent				-	-
	43	Receipt of rent payment from applicant	0.25	1,227.68	9,250.00	10,477.68
	44	Recording payments in rent ledger of OASL	0.18	883.93	6,660.00	7,543.93
		Sub-Total		2,111.61	15,910.00	18,021.61
8	Dispatch of Concurrence Certificate				-	-
	45	Referring file to stool lands files room	0.33	2,872.77	12,210.00	15,082.77
	46	Invitation of applicant to collect certified document	1	17,716.06	37,000.00	54,716.06
		Sub-Total		20,588.83	49,210.00	69,798.83
9	Dispatch of Concurrence Certificate				-	-
	47	Entering of file details into the dispatch ledger	0.03	113.84	1,110.00	1,223.84
	48	Applicant signing to collect certified document	0.03	113.84	1,110.00	1,223.84
	49	Placement of file in appropriate cabinet or shelf	0.16	607.14	5,920.00	6,527.14
		Sub-Total		834.82	8,140.00	8,974.82
Grand Total				214,843.07	506,900.00	721,743.07

Source: Field Survey

The contents of this form are absolutely confidential. Information identifying the respondents will not be disclosed under any circumstances

RESPONDENT'S ATTRIBUTES

1. Gender

(1) Male [ ] (2) Female [ ]

2. Monthly Income

(1) Below ¢1,000,000.00 [ ]

(2) Between ¢1,000,001.00 and ¢4,000,000.00 [ ]

(3) Between ¢4,000,001.00 and ¢7,000,000.00 [ ]

(4) Between ¢7,000,001.00 and ¢10,000,000.00 [ ]

(5) Above ¢10,000,000.00 [ ]

3. Have you ever purchased land or Property in Accra?

(1) Yes [ ] (2) No [ ]

If "Yes", go to question **4** else go to question **13**

4. Where is the land or property located?

.....

5. Who sold the land or property to you?

(1) A Chief [ ]

(2) A family head [ ]

(3) An individual [ ]

(4) Other [ ]

6. In what capacity did you purchase the land?

(1) Private Purchaser [ ]

(2) Estate Developer [ ]

(3) Estate Agent [ ]

(4) Solicitors/ Valuers [ ]

(5) Purchaser for others [ ]

(6) Other [ ]

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SEARCH COSTS

7. In purchasing the land mentioned above did you inquire about the ownership of the land before making payments?

(1) Yes [ ] (2) No [ ]

If "Yes", go to question 8 else go to question 10

8. Which of the under listed sources did you consult on the ownership information?

(1) Lands Commission [ ]

(2) Land Title Registry [ ]

(3) Estate Agents [ ]

(4) Land Owners [ ]

(5) Others (specify) [ ]

9. Apart from the official fees how much did it costs you to obtain the required ownership information?

(1) Lands Commission [¢]

(2) Land Title Registry [¢]

(3) Estate Agents [¢]

(4) Land Owners [¢]

(5) Others (specify) [¢]

COSTS OF CONTRACT

10. Do you have documents on the land or property?

(1) Yes [ ] (2) No [ ]

If "Yes", go to question 11 else go to question 13

11. What type of documents do you have on the property?

(1) Indenture [ ] (2) Site Plan [ ]

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(3) Receipts [ ] (4) Other [ ]

12. How much did it cost to obtain the above indicated document(s)?

(1) Indenture [¢]

(2) Site Plan [¢]

(3) Receipts [¢]

(4) Other [¢]

13. Have you ever registered or in the process of registering land document (s) in Accra?

(1) Yes [ ] (2) No [ ]

If "Yes", go to question 9 else terminate the interview

EXPEDITING AND GRATUITY PAYMENTS

14. Which of the under listed agencies registered or are registering your document(s)?

(1) Lands Commission [ ]

(2) Land Title Registry [ ]

(3) Land Valuation Board [ ]

(4) Administrator of Stool Lands [ ]

(5) Survey Department [ ]

15. Which type of registration did you undertake or are currently undertaking?

(1) Plotting [ ]

(2) Concurrence Certification [ ]

(3) Stool Consent [ ]

(4) State Consent [ ]

(5) Land Title Certification [ ]

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(6) Tax Clearance Certification [ ]

(7) Stamp Duty [ ]

16. Apart from the official fees, how much unofficial payment did you make to staff of the indicated agencies to speed up the registration?

(1) Plotting [¢]

(2) Concurrence Certification [¢]

(3) Stool Consent [¢]

(4) State Consent [¢]

(5) Land Title Certification [¢]

(6) Tax Clearance Certification [¢]

(7) Stamp Duty [¢]

COSTS OF FOLLOW-UP

17. How do you follow up your registration?

(1) Direct visit to the agency concerned [ ]

(2) Telephone calls [ ]

(3) Official letters [ ]

(4) Other [ ]

18. In a week approximately how frequent do you have to follow-up the registration of your document (s)?

(1) Once [ ]

(2) Twice [ ]

(3) Thrice [ ]

(4) Four times [ ]

(5) Five times [ ]

(6) Other (specify) [ ]

19. If you chose (1) in question 14, approximately how many hours does it take you to travel to the agency concerned?

(1) Lands Commission [ ]

(2) Land Title Registry [ ]

(3) Land Valuation Board [ ]

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(4) Administrator of Stool Lands [ ]

(5) Survey Department [ ]

20. If you chose (1) in question 14, approximately how many hours do you normally spend at these agencies per follow up visit?

(1) Lands Commission [ ]

(2) Land Title Registry [ ]

(3) Land Valuation Board [ ]

(4) Administrator of Stool Lands [ ]

(5) Survey Department [ ]

21. How much do you normally spend on transportation per visit to these agencies?

(1) Lands Commission [¢]

(2) Land Title Registry [¢]

(3) Land Valuation Board [¢]

(4) Administrator of Stool Lands [¢]

(5) Survey Department [¢]

Please, if you do not mind being contacted for further discussions on this study and your specific responses to the questions on this form please tick this box [ ].

If you tick the box please provide the appropriate contact details.

Address:.....

.....

.....Email:.....

Tel:.....Mobile.....

Thank you very much for completing this form.

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Any comments here please:

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Policy Task Name:.....

Field officer Name:.....

Activity ID	Activity Name	Duration (hours)	Human Resource Type

Activity ID	Activity Name	Duration (hours)	Human Resource Type

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RESPONDENT'S PROFILE

1. Professional Qualification/Occupation

.....

2. Years of professional experience

.....

EXTRA BENEFITS OF DISTRIBUTIVE POLICIES

3. Please indicate your professional opinion of value of a typical residential plot of land in East Legon residential Area of Accra if:

   a. It is not covered by any registered documents:

      [¢]

   b. It is covered by documents registered at the Lands Commission only:

      [¢]

   c. It is covered by documents registered at the Land Title Registry only :

      [¢]

   d. It is covered by documents registered at both the Lands Commission and the Land Title Registry:

      [¢]

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EXTRA BENEFITS OF REGULATIVE POLICIES-1

4. **Please indicate your professional opinion of value of a typical residential plot of land in Baatsonaa residential Area of Accra if:**

   e. **It is not covered by any registered documents:**

   [¢]

   f. **It is covered by documents registered at the Lands Commission only:**

   [¢]

   g. **It is covered by documents registered at the Land Title Registry only :**

   [¢]

   h. **It is covered by documents registered at both the Lands Commission and the Land Title Registry :**

   [¢]

EXTRA BENEFITS OF REGULATIVE POLICIES-2

5. **Please indicate your professional opinion of value of a typical residential plot of land in Ajirigano residential Area of Accra if:**

   i. **It is not covered by any registered documents:**

   [¢]

   j. **It is covered by documents registered at the Lands Commission only:**

   [¢]

   k. **It is covered by documents registered at the Land Title Registry only :**

   [¢]

   l. **It is covered by documents registered at both the Lands Commission and the Land Title Registry:**

   [¢]

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EXTRA BENEFITS OF REDISTRIBUTIVE POLICIES-2

6. **Please indicate your professional opinion of value of a typical residential plot of land in Sports complex residential Area of Accra if:**

   m. It is not covered by any registered documents:

   [¢]

   n. It is covered by documents registered at the Lands Commission only:

   [¢]

   o. It is covered by documents registered at the Land Title Registry only :

   [¢]

   p. It is covered by documents registered at both the Lands Commission and the Land Title Registry

   [¢]

Please, if you do not mind being contacted for further discussions on this study and your specific responses to the questions on this form please tick this box [ ].

If you tick the box please provide the appropriate contact details.

Address:.....

.....

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.....Email:.....

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Thank you very much for completing this form.

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